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, 1997
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 1-9818

ALLIANCE CAPITAL
MANAGEMENT L.P.

(Exact name of Registrant as specified in its charter)

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

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

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

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

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

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

The aggregate market value of the Units representing assignments of beneficial ownership of limited partnership interests held by non-affiliates of the registrant as of March 1, 1998 (based on the closing price on the New York Stock Exchange on February 27, 1998) was approximately $1,695,760,178.

The number of Units representing assignments of beneficial ownership of limited partnership interests outstanding as of March 1, 1998 was 84,085,003 Units.

DOCUMENTS INCORPORATED BY REFERENCE

Certain pages of the Alliance Capital Management L.P. 1997 Annual Report to Unitholders are incorporated by reference in Part II of this Form 10-K.

GLOSSARY OF CERTAIN DEFINED TERMS

"Partnership" refers to Alliance Capital Management L.P., a Delaware limited partnership, and its subsidiaries and, where appropriate, to its predecessor ACMC and its subsidiaries.

"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.

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

"ECI" refers to 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 ECI, and its subsidiaries other than the Partnership and its subsidiaries.

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

"Units" refer to units representing assignments of beneficial ownership of limited partnership interests in the Partnership.

PART I

ITEM 1. BUSINESS

GENERAL

The Partnership 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 the Partnership in exchange for a 1% general partnership interest in the Partnership and approximately 55% of the outstanding Units. In December 1991 ACMC transferred its 1% general partnership interest in the Partnership to Alliance.

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

As of March 1, 1998 ECI and Equitable were the beneficial owners of 48,089,183 Units or approximately 56.8% of the issued and outstanding Units including 551,395 Units issuable upon conversion of the Class A Limited Partnership Interest issued to ECMC in 1993 when the business and substantially all of the assets of ECMC were transferred to the Partnership. The Class A Limited Partnership Interest may be convertible into additional Units valued at up to $14.5 million under a formula based on contingent incentive fees received by the Partnership prior to April 1, 1998.

As of March 1, 1998 AXA and its subsidiaries owned approximately 59% of the issued and outstanding shares of the common stock of ECI. ECI is a public company with shares traded on the New York Stock Exchange, Inc. ("NYSE"). ECI owns all of the shares of Equitable. For insurance regulatory purposes all shares of common stock of ECI beneficially owned by AXA have been deposited into a voting trust (the "Voting Trust"). AXA remains the beneficial owner of all capital stock deposited in the Voting Trust, but during the term of the Voting Trust the trustees thereunder (the "Voting Trustees") exercise all voting rights with respect to such capital stock. 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, and the Asia/Pacific area. 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.

Based on information provided by AXA, on March 1, 1998, approximately 21.4% of the issued ordinary shares (representing 30.2% of the voting power) of AXA were controlled directly and indirectly by Finaxa, a French holding company. As of March 1, 1998, 62.0% of the shares (representing 74.0% 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 35.5% of the shares, representing 42.2% of the voting power), and 23.1% of the shares of Finaxa (representing 14.4% of the voting power) were owned by Banque Paribas, a French bank ("Paribas"). Including the ordinary shares owned by Finaxa, on March 1, 1998, the Mutuelles AXA directly or indirectly controlled approximately 24.7% of the issued ordinary shares (representing 34.8% of the voting power) of AXA. Acting as a group, the Mutuelles AXA control AXA and Finaxa.

The Partnership, 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.

The Partnership's separately managed accounts consist primarily of the active management of equity and fixed income accounts for institutions and high net-worth individuals. The Partnership's institutional clients include corporate and public employee pension funds, the general and separate accounts of Equitable and its insurance company subsidiaries, endowments, foundations, and other domestic and foreign institutions. The Partnership'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 the Partnership:

ASSETS UNDER MANAGEMENT
(in millions)

	December 31,				
	1993	1994	1995	1996	1997
Separately Managed Accounts (1)(4)	$ 76,615	$ 81,030	$ 97,275	$119,507	$133,706
Mutual Funds Management (4):					
Alliance Mutual Funds	22,045	20,736	23,462	28,302	41,868
The Hudson River Trust.	7,171	8,360	11,964	16,392	22,338
Cash Management Services (2). . .	8,148	9,153	13,820	18,591	20,742
Total	$113,979	$119,279	$146,521	$182,792	$218,654

REVENUES
(in thousands)

	Years Ended December 31,				
	1993	1994	1995	1996	1997
Separately Managed Accounts (1).	$191,108	$212,500	$232,132	$280,909	$322,850
Mutual Funds Management :					
Alliance Mutual Funds	221,005	291,975	278,328	330,356	440,389
The Hudson River Trust (3). . . .	18,090	22,045	29,119	42,380	59,936
Cash Management Services (2). . .	64,464	69,514	91,135	127,265	146,152
Other	4,850	4,918	8,541	7,607	6,009
Total	$499,517	$600,952	$639,255	$788,517	$975,336

(1) Includes the general and separate accounts of Equitable and its insurance company subsidiaries.
(2) Includes money market deposit accounts brokered by the Partnership 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 is the funding vehicle.
(4) Assets under management include 100% of the amounts under management by unconsolidated joint venture subsidiaries.

SEPARATELY MANAGED ACCOUNTS

As of December 31, 1995, 1996 and 1997 separately managed accounts for institutional and high net-worth individuals (other than investment companies and deposit accounts) represented approximately 66%, 65% and 61%, respectively, of total assets under management by the Partnership. The fees earned from the management of these accounts represented approximately 36%, 36% and 33% of the Partnership's revenues for 1995, 1996 and 1997, respectively.

SEPARATELY MANAGED ACCOUNTS ASSETS UNDER MANAGEMENT
(in millions)

	December 31,				
	1993	1994	1995	1996	1997
Equity & Balanced:					
Domestic.	$ 29,382	$ 30,063	$ 42,332	$ 50,835	$ 60,826
International & Global. . .	2,913	3,828	3,854	3,533	5,270
Fixed Income:					
Domestic.	28,596	31,470	32,553	36,042	39,079
International & Global. . .	2,252	2,602	1,891	1,546	1,833
Passive:					
Domestic.	11,240	9,645	12,787	15,478	19,860
International & Global. . .	1,760	3,028	3,484	3,411	2,866
Asset Allocation:					
Domestic.	472	394	374	457	433
International & Global. . .	--	--	--	8,205	3,336
Joint Ventures (1).	--	--	--	--	203
Total	$ 76,615	$ 81,030	$ 97,275	$119,507	$133,706

(1) Assets reflect 100% of the assets under management by unconsolidated joint venture subsidiaries.

REVENUES FROM SEPARATELY MANAGED ACCOUNTS MANAGEMENT
(in thousands)

	Years Ended December 31,				
	1993	1994	1995	1996	1997
Investment Services:					
Equity & Balanced:					
Domestic.	$ 95,245	$107,581	$131,792	$156,690	$182,787
International & Global. . .	7,166	10,867	10,373	9,848	14,471
Fixed Income:					
Domestic.	66,131	70,217	67,102	65,449	80,600
International & Global. . .	4,895	5,180	3,784	3,901	5,372
Passive:					
Domestic.	6,220	6,016	5,919	8,015	9,187
International & Global. . .	2,790	4,052	3,870	3,612	3,034
Asset Allocation:					
Domestic.	1,274	1,064	1,010	821	1,413
International & Global. . .	--	--	--	24,096	17,356
	183,721	204,977	223,850	272,432	314,220
Service and Other Fees. . . .	7,387	7,523	8,282	8,477	8,630
Total	$191,108	$212,500	$232,132	$280,909	$322,850

INVESTMENT MANAGEMENT SERVICES

The Partnership's separately managed accounts consist primarily of the active management of equity accounts, balanced (equity and fixed income) accounts and fixed income accounts for institutions and high net-worth individuals. The Partnership 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. The Partnership provides "passive" management services for equity, fixed income and international accounts. As of December 31, 1997 the Partnership's accounts were managed by 103 portfolio managers with an average of 18 years of experience in the industry and 12 years of experience with the Partnership.

EQUITY AND BALANCED ACCOUNTS. The Partnership's equity and balanced accounts contributed approximately 22%, 21% and 20% of the Partnership's total revenues for 1995, 1996 and 1997, respectively. Assets under management relating to active equity and balanced accounts grew from approximately $29.4 billion as of December 31, 1992 to approximately $66.1 billion as of December 31, 1997.

The Partnership has had a distinct and consistent style of equity investing. The Partnership does not emphasize market timing as an investment tool but instead emphasizes long-term trends and objectives, generally remaining fully invested. The Partnership'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 the Partnership'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.

The Partnership'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 the Partnership's portfolio managers. The Partnership holds frequent investment strategy meetings in which senior management, portfolio managers and research analysts discuss investment strategy. The Partnership's portfolio managers construct and maintain portfolios that adhere to each client's guidelines and conform to the Partnership's current investment strategy.

The Partnership'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. The Partnership's fixed income accounts contributed approximately 11%, 9% and 9% of the Partnership's total revenues for 1995, 1996 and 1997, respectively. Assets under management relating to active fixed income accounts increased from approximately $28.8 billion as of December 31, 1992 to approximately $41.0 billion as of December 31, 1997.

The Partnership'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 investing in foreign government securities and other foreign debt securities. Sector concentrations and other portfolio characteristics are heavily committed to areas that the Partnership's portfolio managers believe have the best investment values. The Partnership also manages portfolios that are limited to specialized areas of the fixed income markets, such as mortgage-backed securities and high-yield bonds.

PRIVATE INVESTING SERVICES. In 1996 the Partnership acquired a 40% interest in Albion Alliance LLC ("Albion Alliance") which is its 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 the Partnership, 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. Since Albion Alliance is now the Partnership'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 $224 million under management as of December 31, 1997. As of that date Equitable and its insurance company subsidiaries had investments of approximately $39 million in these funds.

ACFG also manages two limited partnerships regulated as business development companies under the Investment Company Act of 1940 ("Investment Company Act") which invest primarily in private mezzanine financings. As of December 31, 1997 these funds had net assets of approximately $42 million.

The Partnership manages 17 structured products with an aggregate of $5.1 billion in assets as of December 31, 1997. 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 the Partnership's structured product assets are based on a short duration fixed income strategy, including the five "Pegasus" transactions which, as of December 31, 1997, had an aggregate of $3.2 billion in assets. The Partnership 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, 1997 these funds had approximately $209 million under management. As of that date ECI and its insurance company subsidiaries had investments of approximately $181 million in these funds.

HEDGE FUNDS. As of December 31, 1997, the Partnership managed hedge funds and separately managed hedge accounts which had approximately $1.1 billion in assets under management in four distinct strategies. The Partnership'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.

PASSIVE MANAGEMENT. The Partnership'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. The Partnership 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. The Partnership 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). A subsidiary of the Partnership is the manager of two passive U.K. unit trusts which invest in small capitalization common stocks on a global basis. As of December 31, 1997 the Partnership managed approximately $22.7 billion in passive portfolios.

GLOBAL ASSET ALLOCATION. On February 29, 1996 the Partnership acquired substantially all of the assets and assumed substantially all of the liabilities of Cursitor Holdings L.P. and acquired all of the outstanding shares of Cursitor Holdings Limited (collectively, "Cursitor"). Cursitor's investment style is global asset allocation: investing client funds in stocks or bonds of the world's principal capital markets. A new subsidiary of the Partnership, Cursitor Alliance LLC ("Cursitor Alliance") was formed for purposes of the acquisition. Cursitor Alliance and its subsidiaries provide global asset allocation services to U.S. and non-U.S. institutions. Cursitor Alliance's investment performance results in 1996 and 1997 were poor and Cursitor Alliance has experienced significant account terminations as a consequence thereof. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations".

CLIENTS

The approximately 1,653 separately managed accounts for institutions and high net-worth individuals (other than investment companies) for which the Partnership acts as investment manager include corporate employee benefit plans, public employee retirement systems, the general and separate accounts of Equitable and its insurance company subsidiaries, endowments, foundations, foreign governments, multi-employer pension plans and financial and other institutions.

The general and separate accounts of Equitable and its insurance company subsidiaries, which were transferred to the Partnership in 1993 in connection with the acquisition of the business and substantially all of the assets of ECMC, are the Partnership's largest institutional clients. As of December 31, 1997 these accounts, excluding investments made by these accounts in The Hudson River Trust (See "Individual Investor Services - The Hudson River Trust"), represented approximately 14% of total assets under management by the Partnership and approximately 7% of the Partnership's total revenues for 1997.

As of December 31, 1997 corporate employee benefit plan accounts represented approximately 12% of total assets under management by the Partnership. 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 33% of total assets under management as of December 31, 1997.

The following table lists the Partnership's twelve largest institutional clients, ranked in order of size of total assets under management as of December 31, 1997. Since the Partnership'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
Equitable and its insurance company subsidiaries	Equity, Fixed Income, Passive
North Carolina Retirement System.	Passive Equity, U.S. Equity, Global Equity
A 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
BellSouth Corporation	Passive Equity
National Mutual Funds Management	Global Equity, Global Fixed Income
New York State Teacher's Retirement System. .	Passive Equity, Equity
Wyoming Retirement System	Equity
Frank Russell Trust	U.S. Equity

These institutional clients accounted for approximately 27% of the Partnership's total assets under management at December 31, 1997 and approximately 10% of the Partnership's total revenues for the year ended December 31, 1997 (37% and 16%, respectively, if the investments by the separate accounts of Equitable in The Hudson River Trust were included). No single institutional client other than Equitable and its insurance company subsidiaries accounted for more than approximately 1% of the Partnership's total revenues for the year ended December 31, 1997. The general and separate accounts of Equitable and its insurance company subsidiaries accounted for approximately 14% of the Partnership's total assets under management at December 31, 1997 and approximately 7% of the Partnership's total revenues for the year ended December 31, 1997 (24% and 13%, respectively, if the investments by the separate accounts of Equitable in The Hudson River Trust were included).

Since its inception, the Partnership 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 the Partnership'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

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

In providing investment management services to institutional clients, the Partnership 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 0.75% (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 the Partnership. With respect to approximately 5% of assets under management, the Partnership 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 the Partnership on a broader basis could create greater fluctuations in the Partnership's revenues.

ACFG's fees for corporate finance activities generally involve the payment of a base management fee ranging from 0.10% to 1.00% 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 subsidiaries the Partnership provides ancillary accounting, valuation, reporting, treasury and other services. Equitable and its insurance company subsidiaries compensate the Partnership for such services. See "Item 13. Certain Relationships and Related Transactions".

MARKETING

The Partnership's institutional products are marketed by marketing specialists who solicit business for the entire range of the Partnership'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. The Partnership'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

The Partnership (i) manages and sponsors a broad range of open-end and closed-end mutual funds other than The Hudson River Trust and markets wrap fee accounts ("Alliance Mutual Funds"), (ii) manages The Hudson River Trust which is one of the funding vehicles for variable annuity insurance and variable life insurance products offered by Equitable and its insurance company subsidiaries, and (iii) 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. The net assets comprising the Alliance Mutual Funds, The Hudson River Trust and money market funds and deposit accounts on December 31, 1997 amounted to approximately $84.9 billion. The assets of the Alliance

Mutual Funds, The Hudson River Trust and the money market funds are managed by the same investment professionals who manage the Partnership's accounts of institutional and high net-worth individuals.

REVENUES FROM MUTUAL FUNDS MANAGEMENT
(in thousands)

	Years Ended December 31,				
	1993	1994	1995	1996	1997
Alliance Mutual Funds:					
Investment Services	$109,692	$147,496	$147,407	$175,465	$242,834
Distribution Plan Fees.	89,253	117,509	105,405	126,930	164,880
Services and Other Fees	16,901	23,491	23,779	25,607	29,605
Underwriting Commissions.	5,159	3,479	1,737	2,354	3,070
	221,005	291,975	278,328	330,356	440,389
The Hudson River Trust:					
Investment Services (1)	17,148	21,655	28,680	41,696	59,155
Distribution Plan Fees.	- -	- -	- -	- -	54
Services and Other Fees	942	390	366	500	641
Underwriting Commissions.	- -	- -	73	184	86
	18,090	22,045	29,119	42,380	59,936
Cash Management Services:					
Investment Services (2)	40,202	42,018	56,642	74,441	82,770
Distribution Plan Fees.	16,007	18,104	23,328	39,481	48,758
Services and Other Fees	7,890	9,383	11,165	13,343	14,624
Underwriting Commissions.	365	9	- -	- -	- -
	64,464	69,514	91,135	127,265	146,152
Total	$303,559	$383,534	$398,582	$500,001	$646,477

(1) 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 is the funding vehicle.
(2) Includes fees received by the Partnership in connection with its distribution of money market deposit accounts for which no investment management services are provided.

ALLIANCE MUTUAL FUNDS

The Partnership has been managing mutual funds since 1971. Since then, the Partnership has sponsored open-end load mutual funds, closed-end mutual funds and offshore funds. On December 31, 1997 net assets in the Alliance Mutual Funds totaled approximately $41.9 billion.

Type of Alliance Mutual Funds	Net Assets as of December 31, 1997 (in millions)
Domestic Open-End Funds:	
Equity and Balanced	$ 14,980.7
Taxable Fixed Income	6,241.4
Tax Exempt Fixed Income	2,467.0
Offshore Funds (Open and Closed-End)	8,936.5
Domestic Closed-End Funds	4,211.8
Wrap Fee Programs	2,848.1
Variable Product Series Funds	1,492.1
Joint Ventures (1)	690.2
Total	$ 41,867.8

(1) Assets reflect 100% of assets under management by unconsolidated joint venture subsidiaries.

THE HUDSON RIVER TRUST

The Hudson River Trust is one of the funding vehicles for the variable annuity and variable life insurance products offered by Equitable and its insurance company subsidiaries. On December 31, 1997 the net assets of the portfolios of The Hudson River Trust were as follows:

	Net Assets as of December 31, 1997 (in millions)
Common Stock Portfolio	$ 9,560.0
Aggressive Stock Portfolio	4,663.8
Balanced Portfolio	1,724.1
Growth Investors Portfolio	1,666.1
Global Portfolio	1,225.4
Equity Index Fund	943.6
Growth & Income Portfolio	587.7
Money Market Portfolio	573.6
High Yield Portfolio	421.8
Conservative Investors Portfolio	313.6
Quality Bond Portfolio	203.2
International Portfolio	193.9
Small Cap Growth Portfolio	141.0
Intermediate Government Portfolio	120.1
Total	$ 22,337.9

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 the Partnership, serves as the principal underwriter and distributor of the Alliance Mutual Funds registered under the Investment Company Act as "open-end" investment companies ("U.S. Funds") and serves as a placing or distribution agent for most of the Alliance Mutual Funds which are not registered under the Investment Company Act and which are not publicly offered to United States persons ("Offshore Funds"). There are 76 sales representatives who devote their time exclusively to promoting the sale of shares of Alliance Mutual Funds by financial intermediaries.

The Partnership maintains a mutual fund distribution system (the "System") which permits open-end Alliance Mutual Funds to offer investors the option of purchasing shares (a) subject to a conventional front-end sales charge ("Front-End Load Shares") and (b) without a front-end sales charge but subject to a contingent deferred sales charge payable by shareholders ("CDSC") and higher distribution plan fees and transfer agent costs payable by the Alliance Mutual Funds ("Back-End Load Shares"). If a shareholder purchases Front-End Load Shares, AFD compensates the financial intermediary distributing the Alliance Mutual Fund from the front-end sales charge paid by the shareholder at the time of each sale. If a shareholder purchases Back-End Load Shares, AFD does not collect a front-end sales charge even though AFD is obligated to compensate the financial intermediary at the time of each sale. Payments made to financial intermediaries during 1997 in connection with the sale of Back-End Load Shares under the System, net of CDSC received, totaled approximately $150.3 million. Management of the Partnership believes AFD will recover the payments made to financial intermediaries from the higher distribution fees and CDSC it receives in respect of the Back-End Load Shares 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. The Partnership 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 1997 the ten financial intermediaries responsible for the largest volume of sales of Alliance Mutual Funds were responsible for 67% of the total sales of Alliance Mutual Funds. Equico Securities, Inc. ("Equico"), 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 open-end U.S. Fund sales (8% in 1997). Equico 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 19%, 17% and 25% of Alliance Mutual Fund sales in 1995, 1996 and 1997, respectively. Smith Barney Inc. ("Smith Barney") was responsible for approximately 8% of Alliance Mutual Fund sales in 1995, 1996 and 1997. Neither Merrill Lynch nor Smith Barney 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 Equico, Merrill Lynch and Smith Barney has in any year since 1990 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 the Partnership and frequently offer shares of funds managed by their own affiliates.

Based on market data reported by the Investment Company Institute (January 1997), the Partnership's market share in the U.S. mutual fund industry is 1.10% of total industry assets and the Partnership accounted for 0.84% of total open-end and closed-end fund sales-force derived industry sales in the U.S. during 1997. 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. The Partnership 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 1997 banks and their affiliates accounted for approximately 5% of the sales of shares of open-end Alliance Mutual Funds.

INVESTMENT MANAGEMENT AGREEMENTS AND FEES. Investment management fees from the Alliance Mutual Funds and The Hudson River Trust vary between .20% and 1.80% 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 and The Hudson River Trust are fixed annually by negotiation between the Partnership and the board of directors or trustees of each U.S. Fund and The Hudson River Trust, including a majority of the disinterested directors or trustees. Changes in fees must be approved by the shareholders of each U.S. Fund and The Hudson River Trust. In general, the investment management agreements with the U.S. Funds and The Hudson River Trust provide for termination at any time upon 60 days' notice.

Under each investment management agreement with a U.S. Fund, the Partnership 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 the Partnership. 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, the Partnership absorbs such excess through a reduction in the investment management fee. Currently, the Partnership 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 .92% to 4.27%. In connection with newly organized U.S. Funds, the Partnership may also agree to reduce its fee or bear certain expenses to limit a fund's expenses during an initial period of operations.

CASH MANAGEMENT SERVICES

The Partnership provides cash management services to individual investors through a product line comprising nineteen money market fund portfolios and three types of brokered money market deposit accounts. Net assets in these products as of December 31, 1997 totaled approximately $20.7 billion.

	Net Assets as of December 31, 1997 (in millions)
Money Market Funds:	
Alliance Capital Reserves (two portfolios)	$ 7,548.0
Alliance Government Reserves (two portfolios)	4,964.2
Alliance Money Market Fund (three portfolios)	3,424.5
Alliance Municipal Trust (eight portfolios)	2,548.9
ACM Institutional Reserves (four portfolios)	1,989.2
Money Market Deposit Accounts (three products)	240.3
Joint Ventures (1)	26.9
Total	$ 20,742.0

(1) Assets reflect 100% of assets under management by unconsolidated joint venture subsidiaries.

The Partnership 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, the Partnership 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 Alliance Capital Reserves and Alliance Government Reserves, 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, the Partnership 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 the Partnership, the Partnership'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, 1997 more than 99% of the assets invested in the Partnership'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, 1997 more than 500 financial intermediaries offered the Partnership's cash management services. The Partnership's money market fund market share (not including deposit products), as computed based on market data reported by the Investment Company Institute (December 1997), has increased from 1.17% of total money market fund industry assets at the end of 1992 to 1.95% at December 31, 1997.

The Partnership makes payments to financial intermediaries for distribution assistance and shareholder servicing and administration. The Partnership's money market funds pay fees to the Partnership 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 the Partnership in making payments to financial intermediaries under the distribution assistance and shareholder servicing and administration program. During 1997 such supplemental payments totaled $49.0 million ($44.4 million in 1996). There are 7 employees of the Partnership who devote their time exclusively to marketing the Partnership's cash management services.

A principal risk to the Partnership'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, 1997 the five largest participating financial intermediaries were responsible for assets aggregating approximately $17.2 billion, or 83% of the cash management services total.

Many of the financial intermediaries whose customers utilize the Partnership'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 ECI. Pursuant to an agreement between Pershing and the Partnership, Pershing recommends that certain of its correspondent firms use of the Partnership's money market funds and other cash management products. As of December 31, 1997 DLJ Securities Corporation and these Pershing correspondents were responsible for approximately $11.4 billion or 55% of the Partnership's total cash management assets. Pershing may terminate its agreement with the Partnership 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 the Partnership's cash management products and would be free to recommend or assist in the sale of competitive products.

The Partnership'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 the Partnership provide for an expense limitation of 1% per annum or less of average daily net assets. See "Alliance Mutual Funds - Investment Management Agreements and Fees".

SHAREHOLDER AND ADMINISTRATION SERVICES

Alliance Fund Services, Inc. ("AFS"), a wholly-owned subsidiary of the Partnership, 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, 1997 AFS employed 276 people. AFS operates out of offices in Secaucus, New Jersey. 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 and closed-end funds for which the Partnership acts as investment manager utilize Partnership personnel to perform legal, clerical and accounting services not required to be provided by the Partnership. 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, the Partnership 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 the Partnership, is the registrar and transfer agent of substantially all of the Offshore Funds. As of December 31, 1997 ACMFS employed 10 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.

The Partnership 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

Many computer systems and applications process transactions using two digit date fields for the year of a transaction, rather than the full four digits. If these systems are not modified and replaced, transactions occurring after 1999 would be processed as year "00", which could result in processing inaccuracies and inoperability by or at the Year 2000. The Partnership utilizes a number of significant computer systems and applications that it either has developed internally or licensed from third-party suppliers. In addition, the Partnership is dependent on third-party suppliers for certain systems applications and for the electronic receipt of information critical to its business. Should the Partnership's significant computer systems and applications or the systems of its important third-party suppliers be unable to process date sensitive information accurately after 1999, the ability of the Partnership to conduct its operations and to provide its separate account clients and the Alliance Mutual Funds with the required services could be significantly impaired.

The Partnership began to address the Year 2000 issue several years ago in connection with the replacement or upgrade of certain computer systems and applications. During 1997, the Partnership began a formal Year 2000 initiative, which established a structured and coordinated process to deal with the Year 2000 issue. The Partnership is currently assessing the impact of the Year 2000 issue on its domestic and international computer systems and applications. At this time, management of the Partnership expects that the required modifications for the majority of its significant systems and applications will be completed and tested by the end of 1998. Full integration testing of these systems and testing of interfaces with third-party suppliers will continue through 1999. The current estimate of the total cost of this initiative ranges from $35 million to $40 million. These costs consist principally of modification costs which will be expensed as incurred. At this time, management of the Partnership believes that the costs associated with resolving this issue will not have a material adverse effect on the Partnership's results of operations, liquidity or capital resources.

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. The Partnership 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 the Partnership. The Partnership 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, 1996 the Partnership was ranked 9th out of 250 managers based on tax-exempt assets under management, 5th out of the 25 largest managers of international index assets, 7th out of the 25 largest managers of domestic equity index funds and 14th out of the 25 largest domestic bond index managers.

Many of the firms competing with the Partnership 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 the Partnership 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, The Hudson River Trust and money market funds is maintained by custodian banks and central securities depositories.

The Partnership generally has the discretion to select the brokers or dealers to be utilized to execute transactions for client accounts. Broker-dealers affiliated with ECI 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

The Partnership, Albion Alliance, ACFG and Alliance are investment advisers registered under the Investment Advisers Act of 1940. 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 ($3.8 million at December 31, 1997) imposed by the SEC on registered broker-dealers and had aggregate regulatory net capital of $10.6 million at December 31, 1997.

The relationships of Equitable and its insurance company subsidiaries with the Partnership 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 subsidiaries and the Partnership 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.

The Partnership's assets under management and revenues derived from the general accounts of Equitable and its insurance company subsidiaries 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 the Partnership into categories with lower management fees.

All aspects of the Partnership's business are subject to various federal and state laws and regulations and to the laws in the foreign countries in which the Partnership'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, 1997 the Partnership and its subsidiaries employed 1,670 employees, including 197 investment professionals, of whom 97 are portfolio managers, 89 are research analysts and 11 are order placement specialists. The average period of employment of these professionals with the Partnership is approximately 9 years and their average investment experience is approximately 15 years. The Partnership considers its employee relations to be good.

SERVICE MARKS

The Partnership 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

The Partnership's principal executive offices at 1345 Avenue of the Americas, New York, New York are occupied pursuant to a lease which extends until 2016. The Partnership currently occupies approximately 290,000 square feet at this location. The Partnership also occupies approximately 79,700 square feet at 135 West 50th Street, New York, New York under leases expiring in 1998 and 1999. The Partnership also occupies approximately 16,800 square feet at 709 Westchester Avenue, White Plains, New York under leases expiring in 1999 and 2000, respectively. The Partnership and its subsidiaries, AFD and AFS, occupy approximately 125,000 square feet of space in Secaucus, New Jersey pursuant to a lease which extends until 2016.

The Partnership also leases space in San Francisco, California; Chicago, Illinois; Greenwich, Connecticut; Minneapolis, Minnesota; and Beechwood, Ohio, and its subsidiaries lease space in Boston, Massachusetts; London, England; Paris, France; Tokyo, Japan; Sydney, Australia; Toronto, Canada; Luxembourg, Singapore, Bahrain, Mumbai, India; New

Delhi, India; Johannesburg, South Africa and Istanbul, Turkey. Joint venture subsidiaries of the Partnership have offices in Vienna, Austria; Sao Paolo, Brazil; Hong Kong, Chennai, India; Seoul, Korea; Warsaw, Poland and Moscow, Russia.

ITEM 3. LEGAL PROCEEDINGS

On July 25, 1995, a Consolidated and Supplemental Class Action Complaint ("Complaint") was filed against the Alliance North American Government Income Trust, Inc. (the "Fund"), the Partnership and certain other defendants affiliated with the Partnership alleging violations of federal securities laws, fraud and breach of fiduciary duty in connection with the Funds' investments in Mexican and Argentine securities. The Complaint, which sought certification of a plaintiff class of persons who purchased or owned class A, B or C shares of the Fund from March 27, 1992 through December 23, 1994 sought an unspecified amount of damages, costs, attorneys' fees and punitive damages. The principal allegations are that the Fund purchased debt securities issued by the Mexican and Argentine governments in amounts that were not permitted by the Funds' investment objective, and that there was no shareholder vote to change the investment objective to permit purchases in such amounts. The Complaint further alleged that the decline in the value of the Mexican and Argentine securities held by the Fund caused the Fund's net asset value to decline to the detriment of the Fund's shareholders.

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 Complaint ("First Decision"). On October 11, 1996, plaintiffs filed a motion for reconsideration of the First Decision. On November 25, 1996, the District Court denied plaintiffs' motion for reconsideration of the First Decision. On October 29, 1997, the United States Court of Appeals for the Second Circuit issued an order granting defendants' motion to strike and dismissing plaintiffs' appeal of the First 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 the risks of investing in foreign securities 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 July 15, 1997, the District Court denied plaintiffs' motion for leave to file an amended complaint and ordered that the case be dismissed ("Second Decision"). The plaintiffs have appealed the Second Decision to the United States Court of Appeals for the Second Circuit.

The Partnership believes that the allegations in the Complaint and the amended complaint are without merit and intends to vigorously defend against these claims. While the ultimate outcome of this matter cannot be determined at this time, management of the Partnership does not expect that it will have a material adverse effect on the Partnership's results of operations or financial condition.

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

During the fourth quarter of 1997, a Special Meeting of Limited Partners and Unitholders of the Partnership was held on December 16, 1997 at 1345 Avenue of the Americas, New York, New York. The Special Meeting was held to consider (i) a proposal to approve and adopt the Alliance Capital Management L.P. 1997 Long Term Incentive Plan ("Proposal 1") and (ii) to amend the Alliance Capital Management L.P. Century Club Plan to increase by 400,000 the number of Units with respect to which awards may be granted under, and to modify the amendment procedure of the Century Club Plan ("Proposal 2").

Proposal 1 and Proposal 2 were approved at the Special Meeting. 54,849,186 affirmative votes were cast in favor of Proposal 1, 525,861 votes were cast against Proposal 1 and 91,386 Units represented at the Special Meeting abstained from voting in respect of Proposal 1. 54,915,963 affirmative votes were cast in favor of Proposal 2, 426,654 votes were cast against Proposal 2 and 123,816 Units represented at the Special Meeting abstained from voting in respect of Proposal 2.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET FOR THE UNITS

The Units are traded on the New York Stock Exchange ("NYSE"). The high and low sales prices on the NYSE during each quarter of the Partnership's two most recent fiscal years were as follows:

1997	High	Low
First Quarter	15 1/8	12
Second Quarter	14 15/16	12
Third Quarter	18 13/16	14 1/2
Fourth Quarter	19 15/16	15 13/32

1996	High	Low
First Quarter	12 7/8	10 11/16
Second Quarter	12 11/16	11 1/2
Third Quarter	13 1/16	11 7/16
Fourth Quarter	14 5/8	12 1/2

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

On March 1, 1998 the closing price of the Units on the NYSE was $50.125 per Unit without adjustment for the Unit split. As of March 1, 1998 there were approximately 1,642 Unitholders of record.

CASH DISTRIBUTIONS

The Partnership distributes on a quarterly basis all of its Available Cash Flow (as defined in the Partnership Agreement). During its two most recent fiscal years the Partnership made the following distributions of Available Cash Flow:

Quarter During 1997 With Respect to Which a Cash Distribution Was Paid from Available Cash Flow for that Quarter	Amount of Cash Distribution Per Unit	Payment Date
First Quarter	$0.30	May 20, 1997
Second Quarter	0.32	August 21, 1997
Third Quarter	0.37	November 28, 1997
Fourth Quarter	0.41	February 24, 1998
	$1.40	

Quarter During 1996 With Respect to Which a Cash Distribution Was Paid from Available Cash Flow for that Quarter	Amount of Cash Distribution Per Unit	Payment Date
First Quarter	$0.260	May 28, 1996
Second Quarter	0.265	August 22, 1996
Third Quarter	0.275	November 18, 1996
Fourth Quarter	0.295	March 4, 1997
	$1.095	

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

ITEM 6. SELECTED FINANCIAL DATA

The Selected Consolidated Financial Data which appears on page 40 of the Alliance Capital Management L.P. 1997 Annual Report to Unitholders is incorporated by reference in this Annual Report on Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations which appears on pages 42 through 51 of the Alliance Capital Management L.P. 1997 Annual Report to Unitholders is incorporated by reference in this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In January 1997, the SEC released amended Rule 4-08 of Regulation S-X (General Notes to the Financial Statements), as part of Release No. 33-7386, requiring additional disclosure with respect to accounting policies followed in connection with the accounting for derivative financial instruments and derivative commodity instruments. This disclosure is required for all periods ending after June 15, 1997, unless a registrant's most recent Form 10-K is in compliance. The Release also added Item 305 to Regulation S-K to require quantitative and qualitative disclosures outside the financial statements about market risk inherent in derivative and other financial instruments. The requirements of Item 305 become effective for non-bank registrants with market capitalization in excess of $2.5 billion at January 28, 1997, for filings that include annual financial statements for periods ending after June 15, 1997. For registrants with market capitalization under $2.5 billion, the requirements of Item 305 become effective for filings that include annual financial statements for periods ending after June 15, 1998. The Partnership believes it is currently in compliance with amended Rule 4-08 of Regulation S-X. The Partnership's market capitalization was less than $2.5 billion on January 28, 1997. The requirements of Item 305 will commence with the Partnership's Annual Report on Form 10-K for the period ended December 31, 1998, at which time the additional requirements of Item 305 will be addressed.

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 Peat Marwick LLP which appear on pages 52 through 69 of the Alliance Capital Management L.P. 1997 Annual Report to Unitholders are incorporated by reference in this Annual Report on Form 10-K.

ITEM 9.   CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

GENERAL PARTNER

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

The General Partner does not receive any compensation from the Partnership for services rendered to the Partnership as General Partner. The General Partner holds a 1% general partnership interest in the Partnership. As of March 1, 1997 Equitable, ACMC and ECMC, affiliates of the General Partner, held 48,089,183 Units (including 551,395 Units issuable upon conversion of the Class A Limited Partnership Interest).

The General Partner is reimbursed by the Partnership for all expenses incurred by it in carrying out its activities as General Partner, including compensation paid by the General Partner to its directors and officers (to the extent such persons are not compensated directly as employees of the Partnership) 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 1997 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	65	Chairman of the Board, Chief Executive Officer and Director
Luis Javier Bastida	52	Director
Claude Bebear	62	Director
Donald H. Brydon	52	Director
Bruce W. Calvert	51	Director, Vice Chairman and Chief Investment Officer
John D. Carifa	53	Director, President and Chief Operating Officer
Henri de Castries	43	Director
Kevin C. Dolan	44	Director
Denis Duverne	45	Director
Alfred Harrison	60	Director and Vice Chairman
Jean-Pierre Hellebuyck	50	Director
Benjamin D. Holloway	73	Director
Joseph J. Melone	66	Director
Edward D. Miller	57	Director
Peter D. Noris	42	Director
Frank Savage	59	Director
Stanley B. Tulin	48	Director
Reba W. Williams	61	Director
Robert B. Zoellick	44	Director
David R. Brewer, Jr.	52	Senior Vice President and General Counsel
Robert H. Joseph, Jr.	50	Senior Vice President and Chief Financial Officer

Mr. Williams joined Alliance in 1977 and has been the Chairman of the Board and Chief Executive Officer since that time. He was elected a Director of Equitable on March 21, 1991 and was elected to the ECI Board of Directors in May of 1992. He is also a Senior Executive Vice President of AXA. AXA, ECI and Equitable are parents of the Partnership. 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 Chief Financial Officer and a member of the Executive Committee of Banco Bilbao Vizcaya, S.A., ("BBV"). Mr. Bastida has been with BBV since 1976. Previous to that date he worked for General Electric. He is Chairman of Finanzia, the Specialized Finance subsidiary of BBV and a Director of Privanza, the Private Bank of the same group.

Mr. Bebear was elected a Director of Alliance in February 1996. In January 1997, Mr. Bebear was appointed Chairman of the Executive Board of AXA. Prior thereto, he was Chairman and Chief Executive Officer of AXA since February, 1989 and Chief Executive Officer of the AXA Group since 1974. Mr. Bebear serves as Chairman or Director of numerous subsidiaries and affiliated companies of the AXA Group. He is also a Director of Saint-Gobain, Schneider S.A., and serves as a member of the Supervisory Board of Compagnie Financiare de Paribas. Mr. Bebear has been a Director of ECI since May 1992 and a Director of Equitable since July 1991. He was elected Chairman of ECI on February 14, 1996 and will retire from that position on April 1, 1998. AXA, ECI and Equitable are parents of the Partnership

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 Auersham 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 and is a Member of the Board of the London Stock Exchange. In addition, Mr. Brydon serves as Advisor of British Aerospace Pension Fund Investment Management Ltd. and as Regulatory Officer of IMRO. AXA Investment Managers S.A. is a subsidiary of AXA, a parent of the Partnership.

Mr. Calvert joined Alliance in 1973 as an equity portfolio manager and was elected Vice Chairman and Chief Investment Officer 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. He has been Senior Executive Vice President Financial Services and Life Insurance Activities of AXA since 1996. Prior thereto he was 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 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 ECI, Equitable and Donaldson Lufkin & Jenrette, Inc. ("DLJ"). Mr. de Castries was elected Vice Chairman of ECI on February 14, 1996 and was elected Chairman of ECI, effective April 1, 1998. AXA, ECI and Equitable are parents of the Partnership. DLJ is a subsidiary of ECI.

Mr. Dolan was elected a Director of Alliance in May 1995. He is Chief Executive Officer of AXA Investment Managers Paris, a subsidiary of AXA. Mr. Dolan has been with AXA since 1993. From 1983 to 1993 Mr. Dolan was Deputy General Manager of BFCE. AXA is a parent of the Partnership.

Mr. Duverne was elected a Director of Alliance in February 1996. He has been Senior Vice President - International Life of AXA since 1995. Prior to that Mr. Duverne was a member of the Executive Committee in charge of Operations of Banque Colbert from 1992 to 1995. Mr. Duverne was Secretary General of Compagnie Financiare 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 of the AXA Group. Mr. Duverne is also a Director of DLJ and Equitable. AXA and Equitable are parents of the Partnership. DLJ and Equitable are subsidiaries of ECI.

Mr. Harrison joined Alliance in 1978 and was elected Vice Chairman on May 3, 1993. Mr. Harrison is in charge of the Partnership'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. Hellebuyck was elected a Director of Alliance in October 1992. He is the Vice Chairman of AXA Investment Managers S.A. Mr. Hellebuyck is also a Director of various subsidiaries of AXA and Societe Des Bourses Francaises. AXA is a parent of the Partnership.

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 Mr. Holloway 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. Melone was elected a Director of Alliance in January 1991. Mr. Melone was elected Chief Executive Officer of ECI on February 14, 1996. He is a Director and President of ECI, has been Chairman of Equitable since February 1994 and is Senior Executive Vice President of AXA. Mr. Melone will retire from those positions on April 1, 1998. He was President and Chief Executive Officer of Equitable from November 1990 until February 1994. Mr. Melone was formerly Chief Operating Officer of ECI and Chief Executive Officer of Equitable. From 1984 to 1990, he was President of The Prudential Insurance Company of America. He is also a Director of DLJ, AT&T Capital Corporation and Foster Wheeler Corporation. AXA, ECI and Equitable are parents of the Partnership.

Mr. Miller was elected a Director of Alliance in November 1997. He is President and Chief Executive Officer of ECI 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 since August 1997. He is also a Senior Executive Vice President of AXA. From 1995 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 1995 and Vice Chairman from 1991 to 1994. He is also a Director of KeySpan Energy Corporation, formed as a result of the merger of Long Island Lighting Company and Brooklyn Union Gas Co. AXA, ECI and Equitable are parents of the Partnership.

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 ECI. 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. ECI and Equitable are parents of the Partnership.

Mr. Savage was elected a Director of Alliance in May 1993. He has been Chairman of Alliance Capital Management International, a division of the Partnership, since May 1994. Mr. Savage is a Director of ACFG, a subsidiary of the Partnership, and was Chairman of ACFG from July 1993 to August 1996. Prior to this, 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, ARCO Chemical Company and Qualcomm Inc.

Mr. Tulin was elected a Director of Alliance in July 1997. He is an Executive Vice President and Chief Financial Officer of ECI and 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 and from 1983 to 1988, he served as the consulting actuary to the Rehabilitators of the Baldwin United Corporation Life Company subsidiaries in rehabilitation. Mr. Tulin is a fellow of the Society of Actuaries, a member and Treasurer 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 for the Jewish Theological Seminary, as well as a member of his local school board. ECI and Equitable are parents of the Partnership and DLJ is a subsidiary of ECI.

Mrs. Williams was elected a Director of Alliance in October 1993. She is currently the Director of Special Projects of the Partnership. She serves on the Boards of Directors of the India Liberalisation Fund, The Spain Fund, The Austria Fund, The Southern Africa Fund and The Turkish Growth Fund. Mrs. Williams, who has worked at McKinsey and Company, Inc. 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, Chief Executive Officer and a Director of Alliance.

Mr. Zoellick was elected a Director of Alliance in February 1997. He is currently the John M. Olin Professor in National Security Affairs at the U.S. Naval Academy. 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. He served as the President's personal representative for the 1991 and 1992 G-7 Economic Summits. 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. Mr. Zoellick also serves on the boards of several non-profit entities including the Council on Foreign Relations, the German Marshall Fund, the Eurasia Foundation, the European Institute, the American Council on Germany, the National Bureau of Asian Research and the Overseas Development Council.

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 the Partnership.

Certain executive officers of Alliance are also directors or trustees and officers of various Alliance Mutual Funds and The Hudson River Trust and are directors and officers of certain of the Partnership's subsidiaries.

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 Partnership's independent auditors and reviews various matters relating to the Partnership's accounting and auditing policies and procedures. The Audit Committee held four meetings in 1997.

The General Partner has a Board Compensation Committee composed of Messrs. Williams, Holloway and Melone. 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 the Partnership's Unit Option Plan and 1993 Unit Option Plan. The 1997 Option Committee, consisting of Messrs. Williams, Holloway, Miller and Zoellick, is responsible for granting options under the Partnership's 1997 Long Term Incentive Plan. The Unit Option and Unit Bonus Committee, consisting of Messrs. Holloway and Melone, is responsible for granting awards under the Partnership'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 the Partnership's Century Club Plan.

The General Partner pays directors who are not employees of the Partnership, Equitable or any affiliate of Equitable 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. The Partnership reimburses Messrs. Bastida, Bebear, Brydon, de Castries, Dolan, Duverne, Hellebuyck, 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 Units, to file with the SEC and NYSE initial reports of ownership and reports of changes in ownership of Units. To the best of the Partnership's knowledge, during the year ended December 31, 1997 all Section 16(a) filing requirements applicable to its executive officers, directors and 10% beneficial owners were complied with except that during 1997 statements of changes in beneficial ownership on Form 4 were not filed on a timely basis on behalf of Messrs. Dave H. Williams, Bruce W. Calvert, Frank Savage and Robert B. Zoellick.

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 1997 ("Named Executive Officers"):

	Annual Compensation				Long Term Compensation			
					Awards		Payouts	
(a) Name And Principal Position	(b) Year	(c) Salary ($)	(d) Bonus ($)	(e) Other Annual Compen-sation ($) (1)	(f) Restricted Stock Award(s) ($)	(g) Options/ (#Units)	(h) LTIP Payouts ($) (1)	(i) All other Compen-sation ($) (2)
Dave H. Williams	1997	$ 274,976	$ 3,000,000	$ --------	$ 0	0	$ 0	$ 835,027
Chairman & Chief	1996	263,443	4,000,000	--------	0	0	0	267,568
Executive Officer	1995	225,000	1,000,000	62,595	0	0	0	213,689
John D. Carifa	1997	250,000	4,000,000	--------	0	0	0	686,979
President & Chief	1996	238,461	3,000,000	54,752	0	0	0	426,398
Operating Officer	1995	200,000	1,000,000	74,822	0	175,000	0	135,191
Bruce Calvert	1997	250,000	4,000,000	--------	0	0	0	687,532
Vice Chairman &	1996	238,461	3,000,000	--------	0	0	0	425,101
Chief Investment Officer	1995	200,000	1,000,000	--------	0	150,000	0	138,048
Robert H. Joseph, Jr.	1997	160,000	494,000	--------	0	10,000	0	110,335
Senior Vice President &	1996	157,692	385,000	--------	0	10,000	0	61,434
Chief Financial Officer	1995	150,000	312,500	--------	0	30,000	0	24,066
David R. Brewer, Jr.	1997	157,692	495,500	104,646	0	10,000	0	110,037
Senior Vice President	1996	146,538	395,750	--------	0	10,000	0	62,108
& General Counsel	1995	132,692	272,250	136,788	0	20,000	0	22,496

(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 1997 includes for Mr. Brewer, among other perquisites and personal benefits, $98,000 representing the dollar value of the difference between the exercise price and the fair market value of Units acquired as a result of the exercise of options granted under the Partnership's Unit Option Plan.

Column (e) for 1996 includes for Mr. Carifa, among other perquisites and personal benefits, $26,775 representing interest rate subsidies equal to 3% per annum of the outstanding balances of personal loans obtained by Mr. Carifa from commercial banks the proceeds of which were used to pay withholding tax liabilities related to the vesting of Units acquired in 1988 and $7,500, for personal tax services.

Column (e) for 1995 includes for (i) Mr. Carifa, among other perquisites and personal benefits, $22,319 representing interest rate subsidies equal to 3% per annum of the outstanding balances of personal loans obtained by Mr. Carifa from commercial banks the proceeds of which were used to pay withholding tax liabilities related to the vesting of Units acquired in 1988, (ii) Messrs. Williams and Carifa, among other perquisites and personal benefits, $50,100 and $33,400, respectively, for personal tax services, and (iii) Mr. Brewer, among other perquisites and personal benefits, $129,562 representing the dollar value of the difference between the exercise price and the fair market value of Units acquired as a result of the exercise of options granted under the Partnership's Unit Option Plan.

(2) Column (i) includes award amounts vested and earnings credited in 1996 and 1997 in respect of the Alliance Partners Compensation Plan. Column (i) does not include any amounts in respect of awards made in 1997 in respect of the Alliance Partners Compensation Plan since none of these awards have vested and no earnings have been credited in respect of these awards. (See "Employee Benefit Plans - Alliance Partners Compensation Plan").

Column (i) includes the following amounts for 1997 (See "Employee Benefit Plans - Partners Plan, Capital Accumulation Plan, Profit Sharing Plan and Alliance Partners Compensation Plan"):

	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	$14,483	$524,287	$242,666	$23,000	$30,591	$835,027
John D. Carifa	5,663	28,145	623,259	23,000	6,912	686,979
Bruce W. Calvert	4,996	29,365	623,259	23,000	6,912	687,532
Robert H. Joseph, Jr.	0	0	83,015	23,000	4,320	110,335
David R. Brewer, Jr.	0	0	83,015	22,769	4,253	110,037

OPTION GRANTS IN 1997

The table below shows information regarding grants of options made to the Named Executive Officers under the Partnership's Unit Option Plan, 1993 Unit Option Plan and 1997 Long Term Incentive Plan during 1997. 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 Unit prices of approximately $64.90 and $103.11, respectively. The amounts shown as potential realizable values for all Unitholders represent the corresponding increases in the market value of 83,936,643 outstanding Units held by all Unitholders as of December 31, 1997, which would total approximately $2.1 billion and $5.4 billion, respectively. No gain to the optionees is possible without an increase in Unit price which will benefit all 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

Unitholdings are dependent on the future performance of the Partnership's Units. There can be no assurance that the potential realizable values shown in this table will be achieved.

Option Grants In 1997

Name	Individual Grants (1)				Potential Realizable Value at Assumed Annual Rates of Unit Price Appreciation for Option Term	
	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.	10,000	N/A	36.9375	12/16/07	232,000	589,000
David R. Brewer, Jr.	10,000	N/A	36.9375	12/16/07	232,000	589,000

(1) Options on Units are awarded at the fair market value of 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) 1,002,500 Units were subject to outstanding option grants.

AGGREGATED OPTION EXERCISES IN 1997 AND 1997 YEAR-END OPTION VALUES

The following table summarizes for each of the Named Executive Officers the number of options exercised during 1997, the aggregate dollar value realized upon exercise, the total number of Units subject to unexercised options held at December 31, 1997, and the aggregate dollar value of in-the-money, unexercised options held at December 31, 1997. Value realized upon exercise is the difference between the fair market value of the underlying 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 Units on December 31, 1997, which was $39.8125 per 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 the Partnership's Units on the date of exercise. There can be no assurance that these values will be realized.

Aggregated Option Exercises In 1997
And December 31, 1997 Option Values

Name	Options Exercise (# Units)	Value Realized ($)	Number of Units Underlying Unexpired Options at December 31, 1997		Value of Unexercised In-the-Money Options at December 31, 1997 ($) (1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Dave H. Williams	0	N/A	0	0	0	0
John D. Carifa	0	N/A	190,000	185,000	3,839,375	3,765,313
Bruce W. Calvert	0	N/A	180,000	170,000	3,635,000	3,458,750
Robert H. Joseph, Jr.	0	N/A	51,000	44,000	1,192,438	656,375
David R. Brewer, Jr.	4,000	122,250	74,000	34,000	1,991,000	454,000

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

COMPENSATION AGREEMENTS WITH CERTAIN EXECUTIVE OFFICERS

In connection with Equitable's 1985 acquisition of DLJ, the former parent of ACMC, 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 $378,900, $522,036, and $434,612, respectively. While the Partnership assumed responsibility for payment of these deferred compensation obligations, ACMC and Alliance are required, subject to certain limitations, to make capital contributions to the Partnership 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 the Partnership are guaranteed, subject to certain limitations, by Equitable Investment Corporation ("EIC"), a wholly-owned subsidiary of Equitable, the parent of Alliance.

EMPLOYEE BENEFIT PLANS

UNIT OPTION PLAN. Pursuant to the Partnership's Unit Option Plan key employees of the Partnership and its subsidiaries, other than Messrs. Williams, Harrison, Carifa and Calvert, may be granted options to purchase up to 4,923,076 Units. Options may be granted only to employees who the Option Committee of the General Partner, consisting of Mr. Holloway and Mr. Zoellick which administers the Plan, after obtaining recommendations from the Management Compensation Committee, determines materially contribute, or are expected to materially contribute, to the growth and profitability of the Partnership's business. The number of options to be granted to any employee is to be determined in the discretion of the Board Compensation Committee. Options may be granted with terms of up to ten years, and an employee's right to exercise each option will vest at a rate no faster than 20% per year commencing on the first anniversary of the date of grant. Each option will have an exercise price no less than the fair market value of the Units subject to option at the time the option is granted, payable in cash. Generally, options may only be exercisable while the optionee is employed by the Partnership. Options may not be granted under the Unit Option Plan after ten years from its adoption. See "Option Grants in 1997 and "Aggregated Option Exercises in 1997 and 1997 Year-End Option Values."

1993 UNIT OPTION PLAN. Pursuant to the Partnership's 1993 Unit Option Plan key employees of the Partnership and its subsidiaries may be granted options to purchase Units. The aggregate number of Units that may be the subject of options granted or awarded under the 1993 Unit Option Plan, the Unit Bonus Plan and the Century Club Plan may not exceed 3,200,000 Units ("Overall Limitation"). In addition the maximum aggregate number of Units that may be the subject of options granted or awarded under the 1993 Unit Option Plan, the Unit Bonus Plan and the Century Club Plan in any of the years ended July 22, 1994, 1995, 1996 and 1997 may not exceed 800,000 Units ("Annual Limitation"). The maximum number of Units that may otherwise be the subject of options granted under the 1993 Unit Option Plan will be increased by the number of Units tendered to the Partnership by employees in payment of either the exercise price or withholding tax liabilities. Options may be granted only to employees who the Option Committee of the General Partner, which administers the Plan, after obtaining recommendations from the Management Compensation Committee, determines materially contribute, or are expected to materially contribute, to the growth and profitability of the Partnership's business. Options may be granted with terms of up to ten years, and an employee's right to exercise each option will vest at a rate no faster than 20% per year commencing on the first anniversary of the date of grant. Each option will have an exercise price no less than the fair market value of the Units subject to the option at the time the option is granted, payable in cash. Generally, options may only be exercisable while the optionee is employed by the Partnership or one of its subsidiaries. Options may not be granted under the 1993 Unit Option Plan after ten years from its adoption. See "Option Grants in 1997" and "Aggregated Option Exercises in 1997 and 1997 Year-End Option Values."

1997 LONG TERM INCENTIVE PLAN. Pursuant to the 1997 Long Term Incentive Plan key employees of the Partnership and its subsidiaries and Directors of the General Partner may be granted options to purchase Units, restricted Units, phantom restricted Units, performance awards denominated in Units and other Unit based awards. The maximum number of Units with respect to which awards may be granted under the 1997 Long Term Incentive Plan may not exceed 8,000,000. To date, the Board of Directors has only authorized the granting of Unit options. Options may be granted for terms of up to ten years and a grantee's right to exercise each option will vest at a rate no faster than 20% each year commencing on the first anniversary of the date of grant. Each option will have an exercise price no less than the fair market value of the Units subject to the option at the time the option is granted. The Board of Directors has authorized the 1997 Option Committee, consisting of Messrs. Williams, Holloway, Miller and Zoellick, to administer the 1997 Long Term Incentive Plan in respect of options. "See Option Grants in 1997" and "Aggregated Option Exercises in 1997 and 1997 Year End Option Values".

PROFIT SHARING PLAN. The Partnership maintains a qualified defined contribution profit sharing plan covering most employees of the Partnership who have attained age 21 and completed one year of service. Annual contributions are determined by the Board of Directors in its sole discretion and are allocated among participants who are employed by a participating employer on the last business day of the calendar year involved by crediting each participant with the same proportion of the contribution as the participant's base compensation bears to the total base compensation of all participants. The plan provides for a 401(k) salary reduction election under which the Partnership may match a participant's election to reduce up to 5% of base salary. A participant's interest in the plan is 100% vested after the participant has completed three years of service although account balances deriving from salary reductions are 100% vested at all times. The Partnership's contributions under the plan for a given year may not exceed 15% of the aggregate compensation paid to all participants for that year. Contributions to a participant's plan account (including contributions made by a participant) for a particular year may not exceed 25% of the participant's compensation for that year or $30,000, whichever is less. The amount of the benefits ultimately distributed to an employee is dependent on the investment performance of the employee's account under the plan. Distribution of vested account balances under the plan is made upon termination of employment either in a lump sum or in installments for a specific period of years. If a participant dies prior to termination of his employment, the entire value of his account is paid to the participant's beneficiary. For 1997 vested contributions to the plan for the accounts of Messrs. Williams, Carifa, Calvert, Joseph and Brewer were $23,000, $23,000, $23,000, $23,000 and $22,769, respectively. These amounts are included in column (i) of the Summary Compensation Table.

RETIREMENT PLAN. The Partnership maintains a qualified, non-contributory, defined benefit retirement plan covering most employees of the Partnership 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 the Partnership 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 the Partnership. 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	Years of Service at Retirement						
Compensation	15	20	25	30	35	40	45
$100,000	$19,465	$25,953	$32,442	$38,930	$45,418	$50,418	$55,418
150,000	30,715	40,953	51,192	61,430	71,668	79,168	86,668
200,000	41,965	55,953	69,942	83,930	97,918	100,000	100,000
250,000	53,215	70,953	88,692	100,000	100,000	100,000	100,000
300,000	64,465	85,953	100,000	100,000	100,000	100,000	100,000

Assuming they are employed by the Partnership 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 1997 is $160,000, $160,000, $160,000, $160,000 and $150,000, respectively.

UNIT BONUS PLAN. Pursuant to the Partnership's Unit Bonus Plan the Unit Option and Unit Bonus Committee may award Units to key employees of the Partnership and its subsidiaries. The aggregate number of Units that may be the subject of awards or grants under the Unit Bonus Plan, the 1993 Unit Option Plan and the Century Club Plan may not exceed the Overall Limitation and the maximum aggregate number of Units that may be the subject of awards or grants under the Unit Bonus Plan, the 1993 Unit Option Plan and the Century Club Plan in any of the years ended July 22, 1994, 1995, 1996 and 1997 may not exceed the Annual Limitation. The number of Units that may otherwise be awarded under the Unit Bonus Plan will increase by the number of Units tendered to the Partnership in payment of withholding tax liabilities in respect of Unit Bonus Plan awards. Units awarded under the Unit Bonus Plan may be vested or unvested (i.e., subject to forfeiture) at the time of award. Unvested Units will vest or become nonforfeitable in accordance with the conditions specified by the Board Compensation Committee at the time of award.

CENTURY CLUB PLAN. Pursuant to the Partnership's Century Club Plan up to 600,000 Units may be awarded to employees of AFD or another subsidiary of the Partnership who attain certain sales targets or sales criteria determined by the Century Club Committee. The maximum aggregate number of Units that may be awarded under the Century Club Plan, the 1993 Unit Option Plan and the Unit Bonus Plan may not exceed the Overall Limitation and the maximum aggregate number of Units that may be awarded under the Century Club Plan, the 1993 Unit Option Plan and the Unit Bonus Plan in any of the years ended July 22, 1994, 1995, 1996 and 1997 may not exceed that Annual Limitation. Units awarded under the Century Club Plan may be vested or unvested (i.e., subject to the forfeiture) at the time of award. Unvested Units will vest or become nonforfeitable in accordance with the conditions specified by the Century Club Committee at the time of award.

None of the Named Executive Officers is eligible to receive an award under the Century Club Plan.

ALLIANCE PARTNERS COMPENSATION PLAN. During 1995 the Partnership established a nonqualified, unfunded deferred compensation program known as the Alliance Partners Compensation Plan ("Partners Compensation Plan") under which certain eligible employees are granted awards by the Management Compensation Committee. The awards consist of cash amounts which are generally credited with earnings based on the Partnership's earnings growth rate. The Partners Compensation Plan is administered by the Management Compensation Committee which determines the recipients of awards and the amount of awards. The Board of Directors of the General Partner may terminate the Partners Compensation Plan at any time without cause in which case the Partnership's liability would be limited to the payment of vested awards. All awards granted in 1995 vest over three years and all awards granted in 1996 and subsequent years vest over eight years to the extent the grantee remains employed by the Partnership during such three or eight year period. Payment of vested benefits generally will be made in cash over a five year period commencing at retirement. The amount awarded in 1997 under the Partners Compensation Plan was $21,725,000 and for 1998 the Partnership may award 5% of operating revenues less operating expenses under the Partners Compensation Plan. Messrs. Carifa, Calvert, Joseph and Brewer were granted awards of $1,500,000, $1,500,000, $325,000 and $325,000, respectively, under the Partners Compensation Plan for 1997. These amounts are not included in column (i) of the Summary Compensation Table since none of these awards have vested and no earnings have been credited in respect of the awards.

PARTNERS PLAN. Since 1983 a nonqualified, unfunded deferred compensation program known as the Partners Plan has been maintained under which certain key employees received incentive awards pursuant to a formula set each year by the Management Compensation Committee. No awards have been or will be made under the Partners Plan for any year after 1987. All awards are fully vested. Unless accelerated, award account balances generally are distributed upon resignation, retirement, disability or death. The Board of Directors of the General Partner has the right to accelerate vesting and make distributions of up to 90% of a participant's account balance if the key employee agrees to extend the term of his employment for a period of at least one year. Until distributed, the awards are credited with interest based on prevailing market rates plus, for the years prior to 1989, a premium if the Partnership's earnings growth rate exceeded certain levels. Interest credited during 1997 for the accounts of Messrs. Williams, Carifa and Calvert was $14,483, $5,663 and $4,996, respectively. These amounts are included in column (i) of the Summary Compensation Table. No amounts were distributed under the Partners Plan for any of the Named Executive Officers in 1997.

CAPITAL ACCUMULATION PLAN. Since 1985 a nonqualified, unfunded deferred compensation program known as the Capital Accumulation Plan has been maintained to provide retirement benefits for key employees and their beneficiaries which supplement their benefits under the Retirement Plan described above. Under this plan, at the end of 1985, 1986 and 1987, awards were made for each participant, selected on the basis of performance by the Management Compensation Committee, equal to a percentage of the participant's base salary and the participant's discretionary bonus for the year. The amount awarded was credited to the participant's account on the Partnership's books to which interest is thereafter credited, until distributed or forfeited, based on prevailing market rates. A participant's account balance vests based on the participant's years in the plan with no vesting for zero to four years of participation, 30% vesting after five to seven years with gradually increased vesting thereafter ranging to 87% after 35 years of participation and 100% vesting at age 65 or death. Upon termination of employment other than by reason of permanent disability or death, the participant's vested account balance is to be paid out in ten equal annual installments. In the event of permanent disability, the participant is to receive the higher of the vested balance at the time of disability or 50% of the total balance at the time of disability, in either case payable in ten equal annual installments. In the event of death, the participant's beneficiary is to receive the higher of (i) the participant's account balance paid in ten equal annual installments together with interest or (ii) annually 50% of the participant's total cash compensation for the year prior to the year of the participant's death payable until the participant would have attained age 65, but in no event for less than ten years.

While the Partnership is responsible for the payment of all obligations under the plan, ACMC and Alliance are required, subject to certain limitations, to make capital contributions to the Partnership in an amount equal to the payments. ACMC's obligations are guaranteed, subject to certain limitations, by EIC. No additional awards will be made under this plan, but employees will continue to vest in their existing account balances and to be credited with interest at prevailing market rates on balances. A participant's total cash compensation for 1987 increased by 5% per year, compounded annually, will be considered his total cash compensation for purposes of determining the amount of any death benefits payable in respect of the participant. The Board of Directors of the General Partner intends to cancel this plan if tax legislation is enacted which adversely affects certain benefits derived by ACMC from insurance on the lives of certain of the Partnership's employees purchased in connection with the plan. If the plan is cancelled, the Board of Directors of the General Partner may, at its option, either pay each participant his then vested account balance or continue to maintain the account balances for vesting and distribution as described above as if the plan had not terminated, provided that in such event no death benefit based on a participant's total cash compensation will be paid. The plan account balances which became vested during 1997 for the accounts of Messrs. Williams, Carifa and Calvert were $524,287, $28,145 and $29,365, respectively. These amounts are included in column (i) of the Summary Compensation Table.

DEFERRAL PLAN. Under this plan, certain employees of the Partnership may elect to defer for at least one year the receipt of base or bonus compensation otherwise payable in a given year to January 31 of the year selected. Interest is credited at prevailing market rates on the amounts deferred under this plan until paid. In certain cases, 10% of a deferred amount is subject to forfeiture if the employee's employment terminates prior to the January 31 payment date for any reason other than death or disability. There was no compensation deferred from 1997 to a subsequent year for the Named Executive Officers. During 1997 there were no payments of previously deferred compensation to or interest credited on amounts deferred by any of the Named Executive Officers.

DLJ PLANS. Prior to Equitable's 1985 acquisition of DLJ, certain employees of the Partnership participated in various DLJ employee benefit plans and arrangements. Since the acquisition, no employer contributions or awards have been made, nor in the future are any employer contributions or awards to be made, under these plans or arrangements for any employee of the Partnership. No deferral of compensation earned by any such employee for services rendered since the acquisition has been permitted under any such plan or arrangement. The Partnership has no liability for and will not bear the cost of any benefits under these plans and arrangements.

In 1983 DLJ adopted an Executive Supplemental Retirement Program under which certain employees of the Partnership 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	$ 41,825
John D. Carifa	114,597
Bruce W. Calvert	145,036

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

PRINCIPAL SECURITY HOLDERS

The Partnership has no information that any person beneficially owns more than 5% of the outstanding Units except (i) Equitable, ACMC and ECMC, wholly-owned subsidiaries of ECI, and (ii) as reported on Amendment No. 5 to Schedule 13D dated September 4, 1997, 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 Reported on Schedule	Percent of Class
AXA (1)(2)(3) 9 place Vendome, 75001 Paris, France	48,111,283 (4)	57.2%
ECI (3) 1290 Avenue of the Americas, New York, NY 10019	48,111,283 (4)	57.2%

(1) At March 1, 1998, AXA and certain of its subsidiaries beneficially owned approximately 59.0% of ECI's outstanding common stock. At that date, based on information provided by AXA, approximately (i) 21.4% of the issued ordinary shares (representing 30.2% of the voting power) of AXA were controlled directly and indirectly by Finaxa, a French holding company, and (ii) 62.0% of the shares (representing 74.0% of the voting power) of Finaxa were owned by four French mutual insurance companies (the "Mutuelles AXA"). For insurance regulatory purposes the shares of capital stock of ECI beneficially owned by AXA and its subsidiaries have been deposited into a voting trust which has an initial term of 10 years ("Voting Trust") commencing May 12, 1992. The trustees of the Voting Trust (the "Voting Trustees") are Claude Bebear, Patrice Garnier and Henri de Clermont-Tonnerre. 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 ECI or certain of its insurance subsidiaries.

(2) The Voting Trustees may be deemed to be beneficial owners of all 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 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 Units. AXA and its subsidiaries have the power to dispose or direct the disposition of all shares of the capital stock of ECI deposited in the Voting Trust. By reason of their relationship with AXA, the Mutuelles AXA, as a group, and Finaxa may be deemed to share the power to vote or to direct the vote to dispose or to direct the disposition of all the Units beneficially owned by AXA and its subsidiaries. The address of each of AXA and the Voting Trustees is 9 place Vendome, 75001 Paris, France. The address of Finaxa is 23 avenue Matignon, 75008 Paris, France. The addresses of the Mutuelles AXA are as follows: The address of each of AXA Assurances Vie Mutuelle and AXA Assurances I.A.R.D. Mutuelle is 21 rue de Chateaudun, 75009 Paris, France; the address of Alpha Assurances Vie Mutuelle is Tour Franklin, 100/101 Terrasse Boildieu, Cedex 11, 92042 Paris Las Defense, France; and the address of AXA Courtage Assurance Mutuelle is 26 rue Louis-le Grand, 75002 Paris, France. The address of Banque Paribas (which, at March 1, 1998, owned approximately 23.1% of the shares representing 14.4% of the voting power of Finaxa) is 3 rue d'Antin, Paris, France.

(3) By reason of their relationship, AXA, the Voting Trustees, ECI, Equitable, Equitable Holding Corporation, Equitable Investment Corporation ("EIC"), ACMC, ECMC, the Mutuelles AXA and FINAXA may be deemed to share the power to vote or to direct the vote or to dispose or direct the disposition of all or a portion of the 48,111,283 Units.

(4) Includes 551,395 Units which are issuable upon conversion of the Class A Limited Partnership Interest held by ECMC.

MANAGEMENT

The following table sets forth, as of March 1, 1998, the beneficial ownership of 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 Units and Nature of Beneficial Ownership	Percent of Class
Dave H. Williams (1)(2)	944,456	1.1%
Luis Javier Bastida	0	*
Claude Bebear (1)	0	*
Donald H. Brydon (1)	0	*
Bruce W. Calvert (1) (3)	749,000	*
John D. Carifa(1) (4)	1,027,568	1.2%
Henri de Castries (1)	0	*
Kevin C. Dolan (1)	0	*
Denis Duverne (1)	0	*
Alfred Harrison	365,410	*
Jean-Pierre Hellebuyck (1)	0	*
Benjamin D. Holloway	5,800	*
Joseph J. Melone (1)	5,000	*
Edward D. Miller (1)	0	*
Peter D. Noris	1,000	*
Frank Savage	50,500	*
Stanley B. Tulin (1)	0	*
Reba W. Williams (1)(5)	944,456	*
Robert B. Zoellick	300	*
David R. Brewer, Jr. (1)(6)	121,154	*
Robert H. Joseph, Jr. (1) (7)	65,000	*
All Directors and executive officer of the General Partner as a Group (21 persons)(8)	3,335,188	3.9%

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

(1) Excludes Units beneficially owned by AXA and ECI. Messrs. Williams, Bebear, Brydon, de Castries, Dolan, Duverne, Hellebuyck, Melone, Miller, Noris and Tulin are directors and/or officers of AXA, ECI and/or Equitable. Messrs. Calvert, Carifa, Harrison, Savage, Brewer, Joseph and Mrs. Reba W. Williams are directors and/or officers of ACMC.

(2) Includes 80,000 Units owned by Mrs. Reba W. Williams.

(3) Includes 205,000 Units which may be acquired within 60 days under the Partnership's 1993 Unit Option Plan.

(4) Includes 220,000 Units which may be acquired within 60 days under the Partnership's 1993 Unit Option Plan.

(5) Includes 864,456 Units owned by Mr. Dave H. Williams.

(6) Includes 76,000 Units which may be acquired within 60 days under the Partnership's Unit Option Plan and 1993 Unit Option Plan.
(7) Includes 55,000 Units which may be acquired within 60 days under the Partnership's Unit Option Plan and 1993 Unit Option Plan.
(8) Includes 556,000 Units which may be acquired within 60 days under the Partnership's Unit Option Plan and 1993 Unit Option Plan.

The following tables set forth, as of March 1, 1998, the beneficial ownership of the common stock of ECI, 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:

ECI COMMON STOCK

Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Class
Dave H. Williams (1)(2)	80,000	*
Luis Javier Bastida	0	*
Claude Bebear (2)	0	*
Donald H. Brydon (2)	0	*
Bruce W. Calvert (3)	40,000	*
John D. Carifa (4)	40,000	*
Henri de Castries (2)	0	*
Kevin C. Dolan (2)	0	*
Denis Duverne (2)	2,000	*
Alfred Harrison	0	*
Jean-Pierre Hellebuyck (2)	0	*
Benjamin D. Holloway	108	*
Joseph J. Melone (2)(5)	342,156	*
Edward D. Miller	0	*
Peter D. Noris (6)	60,000	*
Frank Savage	136	*
Stanley B. Tulin	44,121	*
Reba W. Williams (1)	80,000	*
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 (21 Persons)(7)	608,521	*

* Number of shares listed represents less than one percent (1%) of the number of shares of Common Stock outstanding.
(1) Represents 80,000 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. Williams, Bebear, Brydon, de Castries, Dolan, Duverne, Hellebuyck, Melone and Miller are officers of AXA.
(3) Represents 40,000 shares subject to options held by Mr. Calvert, which options Mr. Calvert has the right to exercise within 60 days.
(4) Represents 40,000 shares subject to options held by Mr. Carifa, which options Mr. Carifa has the right to exercise within 60 days.
(5) Includes 340,000 shares subject to options held by Mr. Melone, which options Mr. Melone has the right to exercise within 60 days.

(6) Represents 60,000 shares subject to options held by Mr. Noris, which options Mr. Noris has the right to exercise within 60 days.
(7) Represents 560,000 shares subject to options, which options my 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	0	*
Luis Javier Bastida	0	*
Claude Bebear (1)	498,961	*
Donald H. Brydon	0	*
Bruce W. Calvert	0	*
John D. Carifa	500	*
Henri de Castries (2)	46,063	*
Kevin C. Dolan (3)	13,520	*
Denis Duverne (4)	1,042	*
Alfred Harrison	0	*
Jean-Pierre Hellebuyck (5)	33,207	*
Benjamin D. Holloway	0	*
Joseph J. Melone	1,000	*
Edward D. Miller	0	*
Peter D. Noris	250	*
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 (21 persons)(6)	594,543	*

* Number of shares listed represents less than one percent (1%) of the outstanding AXA common stock. Each AXA American Depositary Share is equivalent to one-half of a share of AXA Common Stock. Holdings of AXA American Depositary Shares are expressed as their equivalent in AXA common stock.
(1) Includes 23 shares owned by Mr. Bebear's wife, and 285,568 shares subject to options held by Mr. Bebear, which options Mr. Bebear has the right to exercise within 60 days.
(2) Includes 45,063 shares subject to options held by Mr. de Castries, which options Mr. de Castries has the right to exercise within 60 days.
(3) Includes 13,520 shares subject to options held by Mr. Dolan, which options Mr. Dolan has the right to exercise within 60 days.
(4) Includes 1,000 shares held jointly with Mr. Duverne's wife and 42 shares owned by Mr. Duverne's children.
(5) Includes 27,038 shares subject to options held by Mr. Hellebuyck, which options Mr. Hellebuyck has the right to exercise within 60 days and 375 shares into which certain notes held by Mr. Hellebuyck are convertible presently or within 60 days.
(6) Includes 371,564 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	*
Claude Bebear (1)	636,065	*
Donald H. Brydon	0	*
Bruce W. Calvert	0	*
John D. Carifa	0	*
Henri de Castries (2)	97,500	*
Kevin C. Dolan	0	*
Denis Duverne	0	*
Alfred Harrison	0	*
Jean-Pierre Hellebuyck	0	*
Benjamin D. Holloway	0	*
Joseph J. Melone	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 (21 persons)(3)	733,565	*

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

(1) Includes 434,445 shares owned by Clauvalor, a French company controlled by Mr. Bebear, and 201,612 shares subject to options held by Mr. Bebear, which options Mr. Bebear has the right to exercise within 60 days.

(2) Represents 97,500 shares subject to options held by Mr. de Castries, which options Mr. de Castries has the right to exercise within 60 days.

(3) Includes 299,112 shares subject to options, which options may be exercised within 60 days.

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

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 Agreement of Limited Partnership of Alliance Capital Management L.P. (As Amended and Restated) ("Partnership Agreement") sets forth a more limited standard of liability for the General Partner. The Partnership Agreement provides that the General Partner is not liable for monetary damages to the Partnership 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 to the Partnership, with reckless disregard for the best interests of the Partnership or with actual bad faith on the part of the General Partner, or constituted actual fraud. Whenever the Partnership Agreement provides 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 the Partnership or any Unitholder 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 Partnership Agreement or applicable law.

In addition, the Partnership Agreement grants broad rights of indemnification to the General Partner and its directors and affiliates and authorizes the Partnership to enter into indemnification agreements with the directors, officers, partners, employees and agents of the Partnership and its affiliates. The Partnership has granted broad rights of indemnification to officers of the General Partner and employees of the Partnership. In addition, the Partnership assumed indemnification obligations previously extended by Alliance to its directors, officers and employees. The foregoing indemnification provisions are not exclusive, and the Partnership is authorized to enter into additional indemnification arrangements. The Partnership has obtained directors and officers liability insurance.

The Partnership Agreement also allows transactions between the Partnership 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 the Partnership than) those that would prevail with any unaffiliated party. The Partnership Agreement provides 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 the Partnership and its subsidiaries) 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 the Partnership than) those that would prevail in a transaction with an unaffiliated party.

The Partnership Agreement expressly permits all affiliates of the General Partner (including Equitable and its other subsidiaries) to compete, directly or indirectly, with the Partnership, to engage in any business or other activity and to exploit any opportunity, including those that may be available to the Partnership. AXA, Equitable and certain of their subsidiaries currently compete with the Partnership. See "Item 13." Certain Relationships and Related Transactions-Competition." The Partnership Agreement further provides 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 the Partnership, 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 the Partnership 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 Partnership Agreement are enforceable under Delaware or federal law.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

COMPETITION

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

FINANCIAL SERVICES

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

The Partnership acts as the investment manager for the general and separate accounts of Equitable and its insurance company subsidiaries pursuant to investment advisory agreements. During 1997 the Partnership received approximately $71.0 million in fees pursuant to these agreements. In connection with the services provided under these agreements the Partnership provides ancillary accounting, valuation, reporting, treasury and other services under service agreements. During 1997 the Partnership received approximately $8.4 million in fees pursuant to these agreements. Equitable provides certain legal and other services to the Partnership relating to certain insurance and other regulatory aspects of the general and separate accounts of Equitable and its insurance company subsidiaries. During 1997 the Partnership paid approximately $1.1 million to Equitable for these services.

During 1997 the Partnership paid Equitable approximately $24.8 million for certain services provided with respect to the marketing of the variable annuity insurance and variable life insurance products for which The Hudson River Trust is the funding vehicle.

Equitable has issued to ACMC life insurance policies on certain employees of the Partnership, the costs of which are to be borne by ACMC without reimbursement by the Partnership. During 1997 ACMC paid approximately $5.7 million in insurance premiums on these policies.

The Partnership and its employees are covered under various insurance policies maintained by Equitable and its other subsidiaries. The amount of premiums for these group policies paid by the Partnership to Equitable was approximately $566,000 for 1997.

The Partnership provides investment management services to certain employee benefit plans of Equitable and DLJ. Advisory fees from these accounts totaled approximately $5.2 million for 1997 including $2.1 million from the separate accounts of Equitable.

In April 1996 the Partnership acquired the United States investing activities and business of National Mutual Funds Management ("NMFM"), a subsidiary of AXA for $4.6 million cash. In connection therewith the Partnership entered into investment management agreements with National Mutual Holdings Limited, the parent of NMFM and a subsidiary of AXA, and various of its subsidiaries (collectively, the "NMH Group"). The NMH Group paid $3.1 million in advisory fees to the Partnership in 1997.

Equico was the Partnership's third largest distributor of U.S. Funds in 1997 for which it received sales concessions from the Partnership on sales of $569 million. In 1997 Equico also distributed certain of the Partnership's cash management products. Equico received distribution payments totaling $7.0 million in 1997 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, the Partnership and Pershing have an agreement pursuant to which Pershing recommends to certain of its correspondent firms the use of the Partnership's cash management products for which Pershing is allocated a portion of the revenues derived by the Partnership from sales through the Pershing correspondents. Amounts paid by the Partnership to DLJ Securities Corporation, Pershing and Wood Struthers & Winthrop Management Corp., a subsidiary of DLJ, in connection with the above distribution services were $49.0 million in 1997. DLJ and its subsidiaries also provide the Partnership with brokerage and various other services, including clearing, investment banking, research, data processing and administrative services. Brokerage, the expense of which is borne by the Partnership's clients, aggregated approximately $109,000 for 1997. During 1997 the Partnership paid $600,000 to DLJ and its subsidiaries for all other services.

During 1997 the Partnership reimbursed Equitable in the amount of $3.5 million for rent and the use of certain services and facilities.

The Partnership 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 the Partnership approximately $817,000 during 1997 for such services. In 1997, the Partnership also provided investment management services to Abeille Reassurances, a subsidiary of AXA, for which it did not receive any fees.

OTHER TRANSACTIONS

During 1997 the Partnership paid certain legal and other expenses incurred by Equitable and its insurance company subsidiaries relating to the general and separate accounts of Equitable and such subsidiaries for which it has been or will be fully reimbursed by Equitable. The largest amount of such indebtedness outstanding during 1997 was approximately $167,000 which represents the amount outstanding on March 31, 1997.

During 1997 a subsidiary of the Partnership and DLJ Merchant Banking II, Inc. ("DLJMB"), a subsidiary of DLJ, jointly sought opportunities for private equity investments in India. The Partnership's subsidiary incurred expenditures on behalf of the proposed joint venture. DLJMB agreed to reimburse the Partnership's subsidiary for 50% of such expenditures. The Partnership's subsidiary had not been fully reimbursed for such expenditures on December 31, 1997. The largest amount of indebtedness due to the Partnership in respect of such venture was approximately $287,000 which represents the amount outstanding on December 31, 1997.

Equitable and its affiliates are not obligated to provide funds to the Partnership, except for ACMC's and the General Partner's obligation to fund certain of the Partnership's deferred compensation and employee benefit plan obligations referred to under "Compensation Agreements with Named Executive Officers" and "Capital Accumulation Plan". The Partnership Agreement permits Equitable and its affiliates to lend funds to the Partnership at the lender's cost of funds.

Mrs. Reba W. Williams, the wife of Dave H. Williams, was employed by the Partnership during 1997 and received compensation in the amount of $100,000.

Certain of the hedge funds managed by the Partnership 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. The Partnership 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. The Partnership received approximately $7.1 million from the hedge funds in 1997 primarily in respect of the performance of the hedge funds in 1996. Mr. Alfred Harrison, a Director and Vice Chairman of the General Partner, received $445,583 in 1997 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 the Partnership in an amount equal to the payments the Partnership 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 the Partnership to various employees and their beneficiaries under the Partnership's Capital Accumulation Plan. In 1997 ACMC made capital contributions to the Partnership in the amount of $761,000 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.

(4) 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:

Financial Statements	Reference Pages in Annual Report
Consolidated Statements of Financial Condition, December 31, 1997 and 1996	52
Consolidated Statements of Income, Years ended December 31, 1997, 1996 and 1995	53
Consolidated Statements of Changes in Partners' Capital, Years ended December 31 1997, 1996 and 1995	54
Consolidated Statements of Cash Flows, Years ended December 31, 1997, 1996, and 1995	55
Notes to Consolidated Financial Statements	56 - 68
Independent Auditors' Report	69

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.

A report on Form 8-K dated December 30, 1997 was filed during the last quarter of 1997 reporting that the Partnership intends to make an election under Section 754 of the Internal Revenue Code of 1986, as amended, to adjust the tax basis of its assets in connection with sales and exchanges of Units in the secondary market that occur on or after January 1, 1998.

(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 13.9, incorporated by reference herein:

Exhibit	Description
10.97	Unit Option Plan Agreement dated December 16, 1997 with Robert H. Joseph, Jr.
10.98	Unit Option Plan Agreement dated December 16, 1997 with David R. Brewer, Jr.
10.99	Amendment to the Transaction Agreement dated as of December 28, 1995 among the Partnership, The Shareholders of Record of Cursitor Holdings Limited, Cursitor Holdings, L.P. ("CHLP") and the Persons listed on Schedule 1.2 to the Transaction Agreement
10.100	Amendment Number One to the Amended and Restated Limited Liability Company Agreement of Cursitor Alliance LLC dated as of February 29, 1996 among the Partnership, Alliance Capital Management Corporation of Delaware and CHLP
10.101	Amended and Restated Commercial Paper Dealer Agreement dated as of December 19, 1997 among the Partnership, Goldman, Sachs & Co. and NationsBanc Montgomery Securities, Inc.
13.9	Alliance Capital Management L.P. 1997 Annual Report to Unitholders
22.9	Subsidiaries of the Registrant
24.8	Consent of KPMG Peat Marwick LLP
25.81	Power of Attorney by Claude Bebear
25.82	Power of Attorney by Luis Javier Bastida
25.83	Power of Attorney by Donald H. Brydon
25.84	Power of Attorney by Henri de Castries
25.85	Power of Attorney by Kevin C. Dolan
25.86	Power of Attorney by Jean-Pierre Hellebuyck
25.87	Power of Attorney by Benjamin D. Holloway
25.88	Power of Attorney by Denis Duverne
25.89	Power of Attorney by Joseph J. Melone
25.90	Power of Attorney by Edward D. Miller
25.91	Power of Attorney by Peter D. Noris
25.92	Power of Attorney by Stanley B. Tulin
25.93	Power of Attorney by Robert B. Zoellick
25.94	Power of Attorney by Alfred Harrison
27.02	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 30, 1998 By: /s/Dave H. Williams

Dave H. Williams
Chairman

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 30, 1998 /s/John D. Carifa

John D. Carifa
President and Chief Operating Officer

Date: March 30, 1998 /s/Robert H. Joseph, Jr.

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

Directors

/s/Dave H. Williams Dave H. Williams Chairman and Director	* Jean-Pierre Hellebuyck Director
* Luis Javier Bastida Director	* Benjamin D. Holloway Director
* Claude Bebear Director	* Joseph J. Melone Director
* Donald H. Brydon Director	* Edward D. Miller Director
/s/Bruce W. Calvert Bruce W. Calvert Director	* Peter D. Noris Director
/s/John D. Carifa John D. Carifa Director	/s/Frank Savage Frank Savage Director
* Henri de Castries Director	Stanley B. Tulin Director
* Kevin C. Dolan Director	/s/Reba W. Williams Reba W. Williams Director
* Denis Duverne Director	* Robert B. Zoellick Director
* Alfred Harrison Director	*BY/s/David R. Brewer, Jr. David R. Brewer, Jr. (Attorney-in-Fact)

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 16, 1997 between Alliance Capital Management L.P. (the "Partnership") 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 of Alliance Capital Management Corporation, the general partner of the Partnership (the "Board"), pursuant to the Alliance Capital Management L.P. Unit Option Plan, a copy of which has been delivered to the Employee (the "Plan"), granted to the Employee an option to purchase units representing assignments of beneficial ownership of limited partnership interests in the Partnership (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 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 from the Partnership 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 16, 1998 or after December 16, 2007 (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 the Partnership has been given notice of the purchase pursuant to Sections 3 and 13, and the Partnership has actually received payment for the Unit 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 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 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.

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 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, on at least seven business days' notice from the Partnership, 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 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 its partners to, among other things, conduct, make or effect any change in the Partnership's business, any issuance of debt obligations or other securities by the Partnership, any grant of options with respect to an interest in the Partnership or any adjustment, recapitalization or other change in the partnership interests of the Partnership (including, without limitation, any distribution, subdivision, or combination of limited partnership interests), or any incorporation of the Partnership. In the event of such a change in the partnership interests of the Partnership, the Board shall make such adjustments to this or Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership, 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 by the Partnership 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 Agreement of Limited Partnership (As Amended and Restated) 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, 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,
General Partner

By /s/ John D. Carifa

John D. Carifa
President

/s/ Robert H. Joseph, Jr.

Robert H. Joseph, Jr.

6580G

EXHIBIT A TO UNIT OPTION PLAN AGREEMENT DATED DECEMBER 16, 1997
BETWEEN ALLIANCE CAPITAL MANAGEMENT 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 10,000.

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $36.9375 per Unit.

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

1. December 16, 1998	20%
2. December 16, 1999	20%
3. December 16, 2000	20%
4. December 16, 2001	20%
5. December 16, 2002	20%

6580G (Options)

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 16, 1997 between Alliance Capital Management L.P. (the "Partnership") 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 of Alliance Capital Management Corporation, the general partner of the Partnership (the "Board"), pursuant to the Alliance Capital Management L.P. Unit Option Plan, a copy of which has been delivered to the Employee (the "Plan"), granted to the Employee an option to purchase units representing assignments of beneficial ownership of limited partnership interests in the Partnership (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 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 from the Partnership 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 16, 1998 or after December 16, 2007 (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 the Partnership has been given notice of the purchase pursuant to Sections 3 and 13, and the Partnership has actually received payment for the Unit 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 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 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.

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 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, on at least seven business days' notice from the Partnership, 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 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 its partners to, among other things, conduct, make or effect any change in the Partnership's business, any issuance of debt obligations or other securities by the Partnership, any grant of options with respect to an interest in the Partnership or any adjustment, recapitalization or other change in the partnership interests of the Partnership (including, without limitation, any distribution, subdivision, or combination of limited partnership interests), or any incorporation of the Partnership. In the event of such a change in the partnership interests of the Partnership, the Board shall make such adjustments to this or Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership, 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 by the Partnership 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 Agreement of Limited Partnership (As Amended and Restated) 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, 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, General Partner

By /s/ John D. Carifa

John D. Carifa
President

/s/ David R. Brewer, Jr.

David R. Brewer, Jr.

6580G

EXHIBIT A TO UNIT OPTION PLAN AGREEMENT DATED DECEMBER 16, 1997
BETWEEN ALLIANCE CAPITAL MANAGEMENT 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 10,000.

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $36.9375 per Unit.

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

1. December 16, 1998	20%
2. December 16, 1999	20%
3. December 16, 2000	20%
4. December 16, 2001	20%
5. December 16, 2002	20%

AMENDMENT TO THE TRANSACTION AGREEMENT

This Amendment to the Transaction Agreement (this "Amendment") is made effective as of January 1, 1997, by and among (1) Alliance Capital Management L.P. ("Alliance," referred to in the Agreement as "Buyer"), (2) the Shareholders of Record of Cursitor Holdings Limited ("the Shareholders"), (3) Cursitor Holdings, L.P. ("Cursitor") and (4) certain additional parties ("Additional Parties"), and is made with reference to that certain Agreement dated as of February 28, 1996 (the "Agreement") by and among Alliance, the Shareholders, Cursitor and Additional Parties.

RECITALS

WHEREAS, the parties hereto have previously entered into the Agreement, which among other things provides for certain benefits, including incentive compensation, to be provided to employees of Cursitor Alliance LLC, a Delaware limited liability company ("Cursitor Alliance," referred to in the Agreement as "Newco"); and

WHEREAS, it has been agreed among the parties to make certain modifications to the terms under which incentive and deferred compensation will be awarded and paid to employees of Cursitor Alliance;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. INCENTIVE COMPENSATION POOLS. Section 9.2 of the Agreement is hereby amended and restated in its entirety as follows:

"9.2 INCENTIVE COMPENSATION POOL. (a) During the period commencing on the Closing Date and ending on the fifth anniversary thereof, Buyer shall establish and maintain an incentive compensation pool (the "Cursitor Alliance Pool") for the benefit of the employees of Newco and its Subsidiaries which, except as otherwise provided herein, shall be calculated in the same manner used to fund the same benefit and compensation plans and have the same rules for eligibility as the incentive compensation pools maintained by Buyer for its other operating subsidiaries and divisions, and shall be paid by or charged to Cursitor Alliance. For purposes of calculating the Cursitor Alliance Pool the administrative and technology expenses of Buyer allocable to the former business of the Companies and their Subsidiaries will be phased in and allocated to the Cursitor Alliance Pool over four years with 25% of the amount allocated during the first

12-month period following the Closing, 50% of the amount allocated during the second 12-month period following the Closing, 75% of the amount allocated during the third 12-month period following the Closing and 100% of the amount allocated during the fourth twelve-month period following the Closing.

(b) For each year during the period commencing with calendar 1997 and ending with calendar 2000, Buyer shall award from the Cursitor Alliance Pool annual cash bonuses with aggregate value of at least $500,000 to employees in each of the following two groups: (i) employees providing services in respect of the former business of Draycott ("Draycott Employees"); and (ii) the group consisting of professional employees of Newco, other than Draycott Employees and Messrs. Eaton, Auboyneau, Gave and Ricciardi. Each such aggregate amount of awards shall be allocated among the employees in the relevant group by the Chairman of Newco, subject to the approval of Buyer's Management Compensation Committee. None of Messrs. Eaton, Auboyneau, Gave and Ricciardi shall receive annual cash bonuses with respect to the period commencing with calendar 1997 and ending with calendar 2000.

(c) Buyer shall adopt two deferred compensation plans in the forms attached as Exhibits 5 and 6 for the benefit of, respectively, Draycott Employees and the group consisting of Messrs. Eaton, Auboyneau, Gave and Ricciardi. Awards granted under such plans shall be treated as awarded from, and shall count against, the Cursitor Alliance Pool described in Section 9.2(a). Such awards shall not, however, count against the required minimum annual cash bonuses described in Section 9.2(b)."

SECTION 2. PARTICIPATION IN OPTION PLAN. Section 9.3 of the Agreement is hereby amended to delete the last two sentences thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers on April 28, 1997, effective as of the day and year first above written.

ALLIANCE CAPITAL
MANAGEMENT L.P.
By Alliance Capital Management
Corporation, as General
Partner

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

Title: Senior Vice President,
General Counsel & Secretary

CURSITOR HOLDINGS, L.P.
By HMESLP, Inc. as General Partner

By: /s/ Hugh M. Eaton, III

Title: President

MANAGEMENT HOLDINGS LLC
Successor in interest to Cursitor
Holdings, L.P.

By: /s/ Hugh M. Eaton, III

Title: Chairman

/s/ Eric Auboyneau

ERIC AUBOYNEAU

/s/ Hugh M. Eaton III

HUGH M. EATON III

/s/ Charles J.H. Gave

CHARLES J.H. GAVE

/s/ Ian Lloyd

IAN LLOYD

/s/ Richard I. Morris, Jr.

RICHARD I. MORRIS, JR.

/s/ Viplava Patel

VIPLAVA PATEL

/s/ John S. Ricciardi

JOHN S. RICCIARDI

/s/ J. Christian Sorensen

J. CHRISTIAN SORENSEN

AMENDMENT NUMBER ONE TO THE CURSITOR ALLIANCE LLC AGREEMENT

This Amendment (this "Amendment") is made as of April 28, 1997, by and among (1) Alliance Capital Management L.P. ("Alliance"), (2) Alliance Capital Management Corporation of Delaware ("Alliance Delaware"), (3) Cursitor Holdings, L.P. ("Holdings L.P."), and (4) Cursitor Alliance LLC (the "Company"), and is made with reference to the Amended and Restated Limited Liability Company Agreement of Cursitor Alliance LLC dated as of February 29, 1996 (the "Agreement") by and among Alliance, Alliance Delaware and Holdings L.P.

RECITALS

WHEREAS, the parties have agreed to transfer the International Shares from the Company to Alliance Delaware in redemption of Alliance Delaware's interest in the Company whereupon Alliance Delaware shall cease to be a Member and its capital account and Percentage Interest shall be reduced to zero;

WHEREAS, pursuant to the Third Services Agreement dated as of January 1, 1997 between Alliance and the Company (the "Third Services Agreement"), Alliance and the Company have agreed to terminate the First Services Agreement and the Second Services Agreement and in lieu thereof Alliance will be the exclusive provider to the Company and its subsidiaries of all of their requirements for back-office and support services, including without limitation, accounting, tax, trading, legal, compliance, treasury, office administration, systems, data processing, human resources and facilities services;

WHEREAS, pursuant to the Termination and Consulting Agreement dated the date hereof, Richard I. Morris, Jr. has voluntarily resigned as President and Chief Executive Officer of the Company and in lieu thereof has agreed to serve as a consultant to the Company and to provide the Company and Alliance with the services described in that Agreement;

WHEREAS, pursuant to various Amendments to Employment Agreements executed on the date hereof, the Company and each other Principal have agreed to amend the related Employment Agreements;

WHEREAS, pursuant to the Cursitor Alliance Principals' and Draycott Compensation Plans and Amendment No. 1 to the Transaction Agreement dated the date hereof, the Company has created new incentive compensation and deferred compensation arrangements for certain employees of the Company;

WHEREAS, the Members have agreed to restructure the put/call options in the Agreement and to make certain other changes to the provisions of the Agreement as more fully described herein; and

WHEREAS, the Members desire to amend the Agreement in the manner set forth below;

NOW, THEREFORE, in consideration of the foregoing and the agreements herein contained, the parties hereto agree as follows:

SECTION 1. DEFINED TERMS. (a) All capitalized terms used herein, unless otherwise defined herein, shall have the meanings given them in the Agreement, and each reference in the Agreement to "this Agreement", "hereof", "herein", "hereunder" or "hereby" and each other similar reference shall be deemed to refer to the Agreement as amended hereby. All references to the Agreement in any other agreement between or among any of the parties hereto relating to the transactions contemplated by the Agreement shall be deemed to refer to the Agreement as amended hereby.

(b) Section 1.01(c) is hereby amended by adding the following terms and their corresponding section references: "Aggregate Residual Reference Percentage, section 9.03(a)"; "Cursitor Alliance Revenues, section 9.03(a)"; "Base Price, section 9.03(a)"; "Section 9.01(c) Buyout Price, section 9.03(b)"; and "Section 9.01(c) Put, section 9.01(c)"; and by deleting the following terms and their corresponding section references: "First Offer Business, section 6.13"; "Section 9.01(c)(i) Buyout Price, section 9.03(b)"; "Section 9.01(c)(i) Put, section 9.01(c)"; "Section 9.01(c)(ii) Buyout Price, section 9.03(b)"; and "Section 9.01(c)(ii) Put, section 9.01(c)".

SECTION 2. REDEMPTION OF ALLIANCE DELAWARE. (a) Subject to satisfaction or waiver of the conditions set forth in subsection (b), as soon as is practicable after such conditions are satisfied, the Company agrees to (i) transfer to Alliance Delaware, free and clear of all Liens, all of its right, title and interest in, to and under the International Shares and (ii) pay to Alliance Delaware (or in the case of any deficit, Alliance Delaware agrees to pay to the Company), in cash, the excess (or deficit, if applicable) of Alliance Delaware's Capital Account (after giving effect to all allocations and distributions through December 31, 1996) over the initial balance thereof as adjusted pursuant to the Transaction Agreement. The date on which such transfer occurs shall be referred to as the "Redemption Date." Alliance agrees to offer employment on the Redemption Date to all employees of the Company and its subsidiaries (other than those employees whose employment is terminated by the Company or who voluntarily terminate employment between the date hereof and the Redemption Date) except those employees listed on Schedule 2A hereto.

(b) The obligation of the parties to consummate the transactions contemplated by subsection (a) is subject to the parties having made all requisite notifications and filings and received all consents, authorizations or approvals (or the expiration of applicable waiting periods) from the applicable governmental body, agency or official, in each case in form and substance reasonably satisfactory to the parties, and no such notification, filing, consent, authorization or approval shall have been revoked including, without limitation, (i) notification and clearance by IMRO of the changes of control in Cursitor Alliance Management Limited (formerly known as Alliance Capital Limited) and Dimensional Asset Management Limited contemplated by this Agreement in accordance with Chapter IV of the IMRO Rules and Part VII of the Investment Services Regulations 1995, if applicable; (ii) any necessary filings with The Monetary Authority of Singapore; and (iii) any necessary filings with the Ministry of Finance of Japan.

(c) Upon consummation of the transactions contemplated by subsection (a), Alliance Delaware shall cease to be a member of the Company (without prejudice to any vested rights as of such date) and its Capital Account shall be reduced to zero. Thereafter, the definitions of "Member" and "Alliance Members" shall not include Alliance Delaware. Notwithstanding the foregoing, the Company shall not be dissolved by reason of the foregoing and the Other Members agree that the business of the Company shall continue in accordance with the terms of the Agreement as amended hereby.

SECTION 3. UNANIMOUS VOTE. The Agreement is hereby amended by deleting Section 6.04 in its entirety.

SECTION 4. OFFICERS. Section 6.10(a) of the Agreement is hereby amended and restated in its entirety as follows:

"6.10. OFFICERS. (a) The officers of the Company (the "OFFICERS") shall be selected by the Members and shall consist of a Chairman, a Vice Chairman, a Chief Executive Officer and such other officers, if any, as are contemplated herein or as the Members may determine are necessary or appropriate. Subject to Section 6.01 and subject to the matters which are to be the exclusive responsibility of Alliance under the Third Services Agreement, the day-to-day conduct, ordinary-course decisions and operations of the business of the Company and its subsidiaries shall generally be managed by the Officers, and the Chairman shall have such powers as are usually exercised by comparably designated officers of a Delaware corporation, including power and authority with respect to such matters as the development, maintenance and change of investment management policies and fee structures, the hiring, promotion, firing and compensation (excluding incentive compensation) of staff, management and executive personnel, new product development, sales and marketing policies and implementation and decisions to accept, reject, amend, maintain or terminate client relationships; PROVIDED that, (i) decisions not in the ordinary course, including without limitation matters involving incentive compensation, non-cash benefit programs and budgets shall require the approval of the Members; (ii) the powers and authorities listed above shall be exercised by the Chairman and other Officers within the constraints of the then applicable Annual Operating Plan approved by the Members; (iii) the Chairman and the other Officers shall execute their duties and responsibilities with due regard for the fact that the Company is a subsidiary of Alliance and accordingly all of the Officers and employees of the Company are to report, directly or indirectly, to senior management of Alliance and are to operate as part of the Alliance group; and (iv) the Chairman shall report to the Chief Executive Officer of Alliance.

The Officers may be appointed and removed by a majority vote of the Members with or without cause and the duties and responsibilities of the Officers as set forth in this Section may be changed from time to time by the Members."

SECTION 5. RIGHT OF FIRST OFFER. The Agreement is hereby amended by deleting Section 6.13 in its entirety.

SECTION 6. PUT/CALL OPTIONS. Section 9.01(c) of the Agreement is hereby amended and restated in its entirety as follows:

"(c) In the event that at any time commencing with the Closing Date and prior to the fifth anniversary of the Closing Date (i) the employment by the Company of Mr. Hugh M. Eaton III is terminated by the Company without Cause (as such term is defined in Mr. Eaton's Employment Agreement), as a result of action by Alliance without the written consent of Holdings L.P., and (ii) any Principal other than Mr. Eaton elects to terminate his employment pursuant to Section 5(e)(c) of the applicable Employment Agreement, then Holdings L.P. may cause Alliance to purchase, and Alliance agrees to purchase (the "SECTION 9.01(c) PUT", and together with the Section 9.01(b) Put, the "PUTS"), that percentage of Holdings L.P.'s Interest which is set forth in Schedule 9.01(c) next to the name of such Principal (with respect to each such Principal, the "REFERENCE PERCENTAGE") whose employment by the Company is terminated as described above, and Holdings L.P. shall provide written notice to the other Members to the effect that it is electing to exercise its Section 9.01(c) Put within 30 days of the occurrence of such event.

SECTION 7. BUYOUT DATE. Section 9.02 of the Agreement is hereby amended and restated in its entirety as follows:

"9.02. Buyout Date. The Section 9.01(b) Put, or the Section 9.01(b) Call, as the case may be, shall close, subject to any applicable waiting period in respect of any applicable regulatory requirements, on the first business day which is at least 30 days after the receipt by Alliance, in the case of the Put, or Holdings L.P., in the case of the Call, of the calculation by Holdings L.P. or Alliance, as the case may be, of the Buyout Price or such earlier closing date as is agreed to in writing by Alliance and Holdings L.P. unless the non-exercising Member shall deliver a notice of dispute pursuant to Section 9.06 hereof in which case the Section 9.01(b) Put or the Section 9.01(b) Call shall close on the first business day which is at least 30 days after final resolution of such dispute by the Accounting Referee. Subject to any applicable waiting period in respect of any applicable regulatory requirements, the Section 9.01(c) Put and the Section 9.01(d) Call shall close on such date as is agreed to in writing by Alliance and Holdings L.P. but in no event later than 60 days after the receipt by Holdings L.P. (in the case of a Call) or Alliance (in the case of a Put) of written notice of such election. The date of Closing of the Puts or the Calls is referred to herein as the "BUYOUT DATE". Each Member shall cooperate in good faith with respect to any applicable regulatory requirements and shall use its best efforts to make all applicable regulatory filings within 30 days after receipt of written notice of such election.

SECTION 8. BUYOUT PRICE. Section 9.03 of the Agreement is hereby amended and restated in its entirety as follows:

"9.03 BUYOUT PRICE. (a) The purchase price for the Section 9.01(b) Put and the Section 9.01(b) Call (the "SECTION 9.01(b) BUYOUT PRICE") shall be determined in accordance with the following formula:

Section 9.01(b) Buyout Price = Base Price x Aggregate Residual Reference Percentage

"Base Price" shall equal the figure in Schedule 9.03 corresponding to the Cursitor Alliance Revenues. "Cursitor Alliance Revenues" shall mean the sum of (i) the aggregate revenues (excluding performance fees) of the Company with respect to calendar year 2000 from the provision of investment advisory services to clients of the Company (other than those clients that as of the Buyout Date have terminated their investment advisory relationship with the Company or that have notified the Company (orally or in writing) of their intention to terminate that relationship) determined on an accrual basis in accordance with generally accepted accounting principles consistent with past practices (but excluding any such accrued revenues which are not paid prior to the date notice of exercise of the

Section 9.01(b) Put or Section 9.01(b) Call is given as provided in Section 9.01(b)); and (ii) the aggregate performance fees with respect to the four calendar years 1997, 1998, 1999 and 2000 divided by four, calculated on a cash basis but otherwise in accordance with generally accepted accounting principles consistent with past practices; PROVIDED that, Cursitor Alliance Revenues shall not include fees or subadvisory fees (or any portion thereof) which ultimately inure to the benefit of Trust Company of the West or any other third party.

"Aggregate Residual Reference Percentage" shall mean the difference between 100% and the sum of the Reference Percentages under all prior Section 9.01(c) Puts, if any.

(b) The purchase price for a Section 9.01(c) Put (the "SECTION 9.01(c) BUYOUT PRICE") shall be determined in accordance with the following formula:

Section 9.01(c) Buyout Price = $37,000,000 DIVIDED BY $(1.10)^n$ x Reference Percentage

Where "n" = the number of twelve-month periods (including any fraction thereof) from the date on which the applicable Put is exercised to the fifth anniversary of the Closing Date.

(c) The purchase price for the Section 9.01(d) Call (the "SECTION 9.01(d) BUYOUT PRICE" and together with the Section 9.01(b) Buyout Price and the Section 9.01(c) Buyout Price, the "BUYOUT PRICE") shall be determined in accordance with the following formula:

Section 9.01(d) Buyout Price = $37,000,000 x Aggregate Residual Reference Percentage DIVIDED BY $(1.10)^n$

Where "n" = the number of twelve-month periods (including any fraction thereof) from the date on which the Section 9.01(d) Call is exercised to the fifth anniversary of the Closing Date."

SECTION 9. SCHEDULE 2.10. Effective as of January 1, 1997, Schedule 2.01 of the Agreement is hereby amended and restated in its entirety as follows:

Schedule 2.01

MEMBERS

Name and Address	Percentage Interest
Alliance Capital Management L.P. 1345 Avenue of the Americas New York, New York 10105 Telephone: 212-969-1000	93.00
Cursitor Holdings, L.P. 38 Newbury Street Boston, Massachusetts 02116-3210	7.00
TOTAL	100%

SECTION 10. SCHEDULE 6.10. Schedule 6.10 of the Agreement is hereby amended and restated in its entirety as follows:

Schedule 6.10

Initial Officers	Position
Hugh M. Eaton III	Chairman and Chief Executive Officer

SECTION 11. SCHEDULE 9.01(c). Schedule 9.01(c) of the Agreement is hereby amended and restated in its entirety as follows:

Principal	Reference Percentage
Eaton	27.597
Gave	24.242
Ricciardi	24.243
Auboyneau	23.918

SECTION 12. SCHEDULE 9.03. Schedule 9.03 of the Agreement is hereby amended and restated in its entirety as follows:

Schedule 9.03

BUY-OUT PRICE

Cursitor Alliance Revenues			Base Price
$ 0	-	$ 34,190,774	$ 10,000,000
34,190,775	-	35,123,199	11,000,000
35,123,200	-	36,072,424	12,000,000
36,072,425	-	37,038,599	13,000,000
37,038,600	-	38,021,874	14,000,000
38,021,875	-	39,022,399	15,000,000
39,022,400	-	40,040,324	16,000,000
40,040,325	-	41,075,799	17,000,000
41,075,800	-	42,128,994	18,000,000
42,128,995	-	43,199,999	19,000,000
43,200,000	-	44,289,024	20,000,000
44,289,025	-	45,396,199	21,000,000
45,396,200	-	46,521,674	22,000,000
46,521,675	-	47,665,599	23,000,000
47,665,600	-	48,828,124	24,000,000
48,828,125	-	50,009,399	25,000,000
50,009,400	-	51,209,574	26,000,000
51,209,575	-	52,428,799	27,000,000
52,428,800	-	53,667,224	28,000,000
53,667,225	-	54,924,999	29,000,000
54,925,000	-	56,202,274	30,000,000
56,202,275	-	57,499,199	31,000,000
57,499,200	-	58,815,924	32,000,000
58,815,925	-	60,152,599	33,000,000
60,152,600	-	61,509,374	34,000,000
61,509,375	-	62,886,399	35,000,000
62,886,400	-	64,283,824	36,000,000
64,283,825	-	or greater	37,000,000

SECTION 13. GOVERNING LAW. This Amendment shall be construed in accordance with and governed by the law of the State of Delaware without giving effect to the principles of conflicts of laws thereof.

SECTION 14. COUNTERPARTS; EFFECTIVENESS. This Amendment may be signed in any number of counterparts, each of which shall be deemed an original. This Amendment shall become effective when each party shall have received a counterpart thereof signed by each of the other parties.

SECTION 15. SURVIVAL OF AGREEMENT. Except as amended hereby, the terms of the Agreement shall remain in full force and effect and the business of the Company shall be continued.

IN WITNESS WHEREOF, the parties to this Amendment have caused this Amendment to be duly executed and delivered by their duly authorized officers or representatives as of the day and year first written above.

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

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

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

ALLIANCE CAPITAL MANAGEMENT
CORPORATION OF DELAWARE

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

Name: Robert H. Joseph, Jr.
Title: Director

CURSITOR HOLDINGS, L.P.
By: HMESLP, Inc. as
General Partner

By: /s/ Hugh M. Eaton, III

Name: Hugh M. Eaton, III
Title: President

MANAGEMENT HOLDINGS LLC
Successor in interest to Cursitor
Holdings, L.P.

By: /s/ Hugh M. Eaton, III

Manager: Hugh M. Eaton, III

CURSITOR ALLIANCE LLC

By: /s/ Richard I. Morris, Jr.

Name: Richard I. Morris, Jr.

Schedule 2A

ALLIANCE CAPITAL MANAGEMENT L.P.
CURSITOR EMPLOYEES

Nicholas P. Carn
Charles Gave
John S. Ricciardi
Francois Brunault
David Cooke
Linda Fonseca
Susi Kennedy
Paritosh Patel
Onder Tanik
Louise Vandyck
Alison Whittock
Eric Auboyneau
Francoise Le Garreres
Francine Loustalan
Claude Lureau
Eric Pages
Marc De Scitivaux
Marc Barbara
Anne E. Bullinger
J. Christian Sorensen
Barbara A. Brown
Hugh M. Eaton

[LOGO]

[LETTERHEAD]

December 9, 1997

First Trust of New York, National Association
100 Wall Street, Suite 2000
New York, NY 10005

Re: Increase in Size of the Commercial Paper Program of Alliance Capital Management L.P. (the "Partnership")

Ladies and Gentlemen:

Pursuant to Section 4(e) of the Issuing and Paying Agency Agreement, dated March 21, 1996 (the "Agreement"), entered into between you and the Partnership, we hereby notify you that, effective November 20, 1997, the Partnership has authorized an increase in the aggregate principal amount of Commercial Paper Notes that may be outstanding at any time from $100,000,000 to $250,000,000.

All terms used and not otherwise defined between herein shall have the meanings specified in the Agreement.

Alliance Capital Management L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ Robert Joseph, Jr.
Name: Robert Joseph, Jr.
Title: CFO

Agreed to and accepted
this 16 day of December, 1997

First Trust of New York, National Association
as Issuing and Paying Agent

By: /s/ Kenneth M. Racioppo
Name: Kenneth M. Racioppo
Title: Assistant Vice President

AMENDED AND RESTATED
COMMERCIAL PAPER DEALER AGREEMENT

This Commercial Paper Dealer Agreement, dated December 23, 1994, amended as of March 21, 1996 and amended and restated as of December 19, 1997, confirms the agreement among Goldman, Sachs & Co. ("Goldman"), formerly Goldman Sachs Money Markets, L.P., NationsBanc Montgomery Securities, Inc. ("NMSI") and Alliance Capital Management L.P. (the "Partnership") whereby each of Goldman and NMSI, 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 NMSI 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 $100,000; (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."

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 March 21, 1996 with First Trust of New York, National Association, as successor to BankAmerica National Trust Company (the "Issuing and Paying Agent", which term shall include any successor issuing and paying agent to First Trust of New York, National Association, 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 information memorandum approved by the Partnership for distribution pursuant to Section 7 hereof (the "Information Memorandum") and the Partnership's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and other documents subsequently filed by the Partnership with the Securities and Exchange Commission pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (together, the "Offering Materials"), taken as a whole, except insofar as any information therein relates to Goldman or NMSI (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 3(a)(3) thereof; 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), (v) and (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 pursuant to Section 13 of the Exchange Act, and reports mailed by the Partnership to its public 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 Information 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 Information 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 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. This Agreement may be terminated by the Partnership or either Dealer, with respect to such Dealer, upon thirty days' 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.

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:

Title:

Goldman, Sachs & Co.

By:

Authorized Signatory

NationsBanc Montgomery Securities, Inc.

By:

Title:

SELECTED CONSOLIDATED FINANCIAL DATA

(in thousands, unless otherwise indicated) ALLIANCE CAPITAL MANAGEMENT L.P.(1)

	YEARS ENDED DECEMBER 31,				
	1997	1996	1995	1994	1993
INCOME STATEMENT DATA:					
Revenues:					
Investment advisory and services fees:					
Alliance mutual funds	$384,759	$291,601	$232,730	$211,169	$167,043
Separately managed accounts:					
Affiliated clients	52,930	44,901	43,978	41,805	37,212
Third party clients	261,290	227,530	179,872	163,171	146,509
Distribution plan fees from Alliance mutual funds	213,692	166,411	128,733	135,613	105,260
Shareholder servicing and administration fees	53,500	47,806	43,591	40,787	33,119
Other revenues	9,165	10,268	10,351	8,407	10,374
	975,336	788,517	639,255	600,952	499,517
Expenses:					
Employee compensation and benefits	264,251	214,880	172,301	173,777	149,341
Promotion and servicing:					
Distribution plan payments to financial intermediaries:					
Affiliated	56,118	30,533	23,710	20,442	13,722
Third party clients	121,791	115,112	86,743	83,357	64,581
Amortization of deferred sales commissions	73,841	53,144	50,501	51,547	36,237
Other	60,416	48,868	40,161	43,270	31,051
General and administrative	120,283	100,854	88,889	70,731	66,023
Interest	2,968	1,923	1,192	7,572	10,619
Amortization of intangible assets	7,006	15,613	8,747	8,450	6,975
Reduction in recorded value of intangible assets	120,900	--	--	--	--
Nonrecurring transaction expenses	--	--	--	--	40,842
	827,574	580,927	472,244	459,146	419,391
Income before income taxes and cumulative effect of accounting change	147,762	207,590	167,011	141,806	80,126
Income taxes	18,806	14,244	11,624	8,317	11,466
Income before cumulative effect of accounting change	128,956	193,346	155,387	133,489	68,660
Cumulative effect of change in accounting for income taxes	--	--	--	--	900
Net income	$128,956	$193,346	$155,387	$133,489	$69,560
NET INCOME PER UNIT:(4)					
Basic net income per Unit(5)	$0.76	$1.15	$0.95	$0.86	$0.49
Diluted net income per Unit(5)	$0.74	$1.13	$0.94	$0.85	$0.48
Before reduction in value of intangible assets and nonrecurring transaction expenses:					
Net income	$249,856	$193,346	$155,387	$133,489	$107,698
Diluted net income per Unit(5)	$1.44	$1.13	$0.94	$0.85	$0.74
CASH DISTRIBUTIONS PER UNIT(2)(4)	$1.40	$1.095	$0.91	$0.82	$0.75
BALANCE SHEET DATA AT PERIOD END:					
Total assets	$784,460	$725,897	$575,058	$518,369	$561,287
Debt and long-term obligations(3)	$130,429	$ 52,629	$ 30,839	$ 29,021	$134,022
Partners' capital	$398,051	$476,020	$406,709	$381,329	$214,045
ASSETS UNDER MANAGEMENT AT PERIOD END (IN MILLIONS)(6)	$218,654	$182,792	$146,521	$119,279	$113,979

(1) The transfer of the business of Equitable Capital Management Corporation ("ECMC") to the Partnership was completed on July 22, 1993 and was accounted for in a manner similar to the pooling of interests method. Accordingly, all financial data for the periods presented, except as noted, have been restated to include the results of operations of ECMC.

(2) The Partnership is required to distribute all of its Available Cash Flow, as defined in the Partnership Agreement, to the General Partner and Unitholders. Cash distributions per Unit do not include Available Cash Flow resulting from the operations of ECMC prior to July 22, 1993, the date the transfer was completed.

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

(4) Unit and per Unit amounts for all periods presented reflect a two-for-one Unit split with a record date of March 11, 1998.

(5) Earnings per Unit amounts prior to 1997 have been restated as required to comply with Statement of Financial Accounting Standards No.128, Earnings per Share.

(6) Assets under management exclude certain non-discretionary advisory

relationships and include 100% of the assets managed by unconsolidated
joint venture subsidiaries.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Alliance Capital Management L.P. (the "Partnership") offers a broad range of investment management products and services to meet the varied needs and objectives of individual and institutional investors. The Partnership derives substantially all of its revenues and net income from fees received for providing: (a) investment advisory, distribution and related services to the Alliance mutual funds, (b) investment advisory services to affiliated clients including The Equitable Life Assurance Society of the United States ("ELAS"), a wholly-owned subsidiary of The Equitable Companies Incorporated ("Equitable"), and certain other Equitable affiliates and (c) investment advisory services to separately managed accounts for unaffiliated institutional investors and high net-worth individuals ("third party clients"). The Alliance mutual funds consist primarily of a broad range of open-end load and closed-end mutual funds ("mutual funds"), variable life insurance and annuity products, including The Hudson River Trust ("HRT"), and cash management products, principally money market funds.

The Partnership's revenues are largely dependent on the total value and composition of assets under its management. Assets under management grew 19.6% to $218.7 billion as of December 31, 1997 primarily as a result of market appreciation, good investment performance, and strong net sales of Alliance mutual funds. The substantial increase in U.S. equity markets during 1997 contributed to growth of 29% in active equity and balanced account assets under management, which comprise 47% of total assets under management. Active fixed income account assets under management, which comprise 38% of total assets under management, increased by 16%.

In 1997, sales of Alliance mutual fund shares grew to $22.5 billion compared to sales of $14.5 billion in 1996. The increase in Alliance mutual fund sales, principally fixed income funds sold to non-U.S. investors and equity mutual funds sold domestically, combined with a modest increase in mutual fund redemptions, resulted in net Alliance mutual fund sales of $13.9 billion, an increase of 61% from $8.7 billion in 1996. The growth in the Partnership's offshore mutual fund sales of $5.6 billion was principally due to the introduction of several new fixed income products. These products include several funds sponsored by the Partnership's Japanese investment trust management subsidiary and several structured products. Structured products are securities - senior debt, subordinated debt and equity - backed by an actively managed portfolio of equity or fixed income securities.

ASSETS UNDER MANAGEMENT(1):

(Dollars in billions)	12/31/97	12/31/96	% CHANGE	12/31/96	12/31/95	% CHANGE
Alliance mutual funds:						
Mutual funds	$ 40.4	$ 27.6	46.4%	$ 27.6	$ 23.1	19.5%
Cash management products	20.8	18.6	11.8	18.6	13.8	34.8
Variable products	23.8	17.1	39.2	17.1	12.3	39.0
	85.0	63.3	34.3	63.3	49.2	28.7
Separately managed accounts:						
Active equity & balanced	66.3	54.4	21.9	54.4	46.4	17.2
Active fixed	40.9	37.6	8.8	37.6	34.1	10.3
Index	22.7	18.9	20.1	18.9	16.3	16.0
Asset allocation	3.8	8.6	(55.8)	8.6	.5	1,620.0
	133.7	119.5	11.9	119.5	97.3	22.8
Total	$218.7	$182.8	19.6%	$182.8	$146.5	24.8%

(1) Includes 100% of the mutual fund and separately managed account assets under management of unconsolidated joint venture subsidiaries of $0.7 billion and $0.2 billion, respectively, at December 31, 1997.

AVERAGE ASSETS UNDER MANAGEMENT(1):

(Dollars in billions)	1997	1996	% CHANGE	1996	1995	% CHANGE
Alliance mutual funds	$ 72.9	$ 56.2	29.7%	$ 56.2	$ 43.5	29.2%
Separately managed accounts:						
Affiliated clients	28.1	24.8	13.3	24.8	21.8	13.8
Third party clients	99.4	86.3	15.2	86.3	67.4	28.0
Total	$200.4	$167.3	19.8%	$167.3	$132.7	26.1%

(1) Includes mutual fund and separately managed account assets under management of unconsolidated subsidiaries.

Assets under management at December 31, 1997 were $218.7 billion, an increase of $35.9 billion or 19.6% from December 31, 1996. Alliance mutual fund assets under management at December 31, 1997 were $85.0 billion, an increase of $21.7 billion or 34.3% from December 31, 1996, due principally to market appreciation of $8.1 billion and net sales of mutual funds, variable products and cash management products of $8.7 billion, $3.0 billion and $2.2 billion, respectively. Separately managed account assets under management at December 31, 1997 were $133.7 billion, an increase of $14.2 billion or 11.9% from December 31, 1996. This increase was primarily due to market appreciation of $22.1 billion and net asset additions to affiliated client accounts of $1.7 billion, offset partially by net third party client account terminations and asset withdrawals of $9.8 billion, primarily from Cursitor global asset allocation accounts and from active equity and balanced accounts.

Cursitor Alliance LLC, a subsidiary of the Partnership formed in connection with the acquisition of Cursitor, provides global asset allocation services to U.S. and non-U.S. institutional investors. Due to poor relative investment performance, Cursitor Alliance LLC continues to experience significant client account terminations and asset withdrawals. Cursitor Alliance LLC's assets under management aggregated $3.5 billion at December 31, 1997, a decrease of $4.9 billion from $8.4 billion at December 31, 1996. See "Capital Resources and Liquidity" for a more detailed discussion.

Assets under management at December 31, 1996 were $182.8 billion, an increase of $36.3 billion or 24.8% from December 31, 1995. Alliance mutual fund assets under management at December 31, 1996 were $63.3 billion, an increase of $14.1 billion or 28.7% from December 31, 1995, due principally to market appreciation of $6.0 billion and net sales of cash management products, variable products and mutual funds of $4.8 billion, $2.2 billion, and $1.7 billion, respectively. Separately managed account assets under management at December 31, 1996 were $119.5 billion, an increase of $22.2 billion or 22.8% from December 31, 1995. This increase was primarily due to market appreciation, principally in active equity and balanced accounts of $11.6 billion, assets under management of acquired businesses which added $11.1 billion, and net asset additions to affiliated client accounts of $1.6 billion, offset partially by net third party client account terminations and asset withdrawals of $2.1 billion.

RESULTS OF OPERATIONS

(Dollars & Units in millions, except per Unit amounts)	1997	1996	% CHANGE	1996	1995	% CHANGE
Net income	$129.0	$193.3	(33.3)%	$193.3	$155.4	24.4%
Net income per Unit(1):						
Basic	$ 0.76	$ 1.15	(33.9)	$ 1.15	$ 0.95	21.1
Diluted	$ 0.74	$ 1.13	(34.5)	$ 1.13	$ 0.94	20.2
Net income before reduction in value of intangible assets	$249.9	$193.3	29.3	$193.3	$155.4	24.4
Net income per Unit before reduction in value of intangible assets - Diluted(1)	$ 1.44	$ 1.13	27.4	$ 1.13	$ 0.94	20.2
Weighted average number of Units outstanding(1):						
Basic	168.4	166.4	1.2	166.4	161.5	3.0
Diluted	171.9	169.0	1.7	169.0	163.1	3.6
Operating margin(2)	27.5%	26.3%		26.3%	26.1%	

(1) Unit and per Unit amounts have been restated to reflect the two-for-one Unit split announced on February 19, 1998. The record date for the Unit split is March 11, 1998.

(2) Excludes the reduction in recorded value of Cursitor intangible assets.

Net income for 1997 was $129.0 million, a decrease of 33.3% from net income of $193.3 for 1996. Net income for 1997 was reduced by a $120.9 million noncash charge, or $0.70 diluted net income per Unit, resulting from the write-down of certain intangible assets. During the second quarter of 1997, management of the Partnership determined that intangible assets associated with the Cursitor acquisition, principally costs assigned to investment contracts and goodwill, were impaired and reduced the unamortized recorded value of the intangible assets associated with the Cursitor acquisition by $120.9 million to estimated fair value of $20.4 million. See "Capital Resources and Liquidity" for a more detailed discussion of the acquisition. Excluding that charge, net income increased 29.3% due principally to a 23.9% increase in investment advisory and services fees resulting from higher average assets under management.

Net income for 1996 was $193.3 million, an increase of 24.4% from net income of $155.4 million for 1995, primarily the result of a 23.5% increase in investment advisory and services fees resulting from higher average assets under management.

REVENUES

(Dollars in millions)	1997	1996	% CHANGE	1996	1995	% CHANGE
Investment advisory and services fees:						
Alliance mutual funds	$384.8	$291.6	32.0%	$291.6	$232.7	25.3%
Separately managed accounts:						
Affiliated clients	52.9	44.9	17.8	44.9	44.0	2.0
Third party clients	261.3	227.5	14.9	227.5	179.9	26.5
Distribution plan fees from Alliance mutual funds	213.7	166.4	28.4	166.4	128.7	29.3
Shareholder servicing and administration fees	53.5	47.8	11.9	47.8	43.6	9.6
Other revenues	9.1	10.3	(11.7)	10.3	10.4	(1.0)
Total	$975.3	$788.5	23.7%	$788.5	$639.3	23.3%

INVESTMENT ADVISORY AND SERVICES FEES

Investment advisory and services fees, the largest component of the 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 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 Partnership's investment advisory and services fees increased 23.9% and 23.5% in 1997 and 1996, respectively.

Certain investment advisory agreements provide for performance fees in addition to a base fee. Performance fees are earned when investment performance exceeds a contractually agreed upon benchmark and, accordingly, may increase the volatility of the Partnership's revenues and earnings. Performance fees earned on separately managed accounts and mutual funds aggregated $35.0 million, $18.4 million, and $18.1 million in 1997, 1996 and 1995, respectively.

Investment advisory and services fees from Alliance mutual funds increased by $93.2 million or 32.0% for 1997, primarily as a result of a 29.7% increase in average assets under management. Investment advisory and services fees from Alliance mutual funds increased by $58.9 million or 25.3% from 1995 to 1996 primarily as a result of a 29.2% increase in average assets under management.

Investment advisory and services fees from affiliated clients, primarily the General Accounts of ELAS, increased by $8.0 million or 17.8% for 1997, due to a 13.3% increase in average assets under management from 1996 and an increase in performance fees of $2.8 million. Investment advisory and services fees from affiliated clients increased 2.0% for 1996 due principally to higher average assets under management offset partially by lower performance fees in 1996 compared to 1995.

Excluding acquisitions, investment advisory and services fees from new separately managed third party client accounts and asset contributions to existing client accounts during the three year period were less than fees lost due to account terminations and asset withdrawals. However, the increase in fees resulting from significant market appreciation more than offset fees lost as a result of account terminations and asset withdrawals. Investment advisory and services fees from third party clients increased for both 1997 and 1996 due to an increase in average assets under management of 15.2% and 28.0%, respectively. The increase in third party account average assets under management for 1997 was primarily a result of market appreciation offset partially by net third party client outflows, primarily Cursitor global asset allocation accounts and active equity and balanced accounts. An increase in performance fees of $11.8 million for 1997 also contributed to the increase in fees. The increase in third party average assets under management for 1996 was primarily the result of market appreciation and the Cursitor acquisition.

DISTRIBUTION PLAN FEES

The 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 plan fees increased 28.4% and 29.3% in 1997 and 1996, respectively, principally due to higher average equity mutual fund assets under management attributable to strong sales of Back-End Load Shares under the Partnership's mutual fund distribution system (the "System") described under "Capital Resources and Liquidity", and higher average cash management assets under management.

SHAREHOLDER SERVICING AND ADMINISTRATION FEES

The Partnership's subsidiaries, Alliance Fund Services, Inc. and ACM Fund Services S.A., provide administrative and transfer agency services to the Alliance mutual funds and Alliance money market funds. In connection with the investment advisory services it provides to the General Accounts of ELAS and its insurance subsidiary, the Partnership provides ancillary regulatory accounting and reporting services for which it receives administration fees. Shareholder servicing and administration fees increased 11.9% and 9.6% in 1997 and 1996, respectively, the result of increases in the number of mutual fund shareholder accounts serviced. The number of shareholder accounts serviced increased to approximately 3.2 million as of December 31, 1997 from 2.8 million and 2.4 million as of December 31, 1996 and 1995, respectively.

OTHER REVENUES

Other revenues consist primarily of interest, dividends and commissions on the sale of Front-End Load Shares under the System. Other revenues decreased for 1997, principally as a result of a decrease in interest earned on short-term investments due to lower average balances.

EXPENSES

(Dollars in millions)	1997	1996	% CHANGE	1996	1995	% CHANGE
Employee compensation and benefits	$264.3	$214.9	23.0%	$214.9	$172.3	24.7%
Promotion and servicing	312.1	247.6	26.1	247.6	201.1	23.1
General and administrative	120.3	100.9	19.2	100.9	88.9	13.5
Interest	3.0	1.9	57.9	1.9	1.2	58.3
Amortization of intangible assets	7.0	15.6	(55.1)	15.6	8.7	79.3
Reduction in recorded value of intangible assets	120.9	--	--	--	--	--
Total	$827.6	$580.9	42.5%	$580.9	$472.2	23.0%

EMPLOYEE COMPENSATION AND BENEFITS

Employee compensation and benefits, which represent approximately 37.0% of total expenses (excluding the reduction in recorded value of intangible assets), 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 23.0% and 24.7% in 1997 and 1996, 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 resulting from the expansion of the Partnership's mutual fund operations, and increases to its administration and technology support operations. The Partnership had 1,670 employees at December 31, 1997 compared to 1,495 and 1,365 at December 31, 1996 and 1995, respectively. Commissions increased primarily due to higher mutual fund sales and higher commissions paid on separate account assets under management.

PROMOTION AND SERVICING

Promotion and servicing expenses, which represent approximately 44% of total expenses (excluding the reduction in recorded value of intangible assets), include distribution plan payments to financial intermediaries for distribution of the Partnership's sponsored mutual funds and cash management services' products and amortization of deferred sales commissions paid to financial intermediaries under the System. Also included in this expense category are travel and entertainment, advertising, promotional materials, and investment meetings and seminars for financial intermediaries that distribute the Partnership's mutual fund products. Promotion and servicing expenses increased 26.1% and 23.1% in 1997 and 1996, respectively, primarily due to increased distribution plan payments resulting from higher average cash management, domestic equity and offshore mutual fund assets under management. An increase in amortization of deferred sales commissions of $20.7 million for 1997 as a result of higher sales of Back-End Load Shares, also contributed to the increase in promotion and servicing expense. Other promotional expenses increased for 1997 and 1996 primarily as a result of higher travel and entertainment costs and increased mutual fund advertising.

GENERAL AND ADMINISTRATIVE

General and administrative expenses, which represent approximately 17% of total expenses (excluding the reduction in recorded value of intangible assets), are costs related to the operation of the business, including professional fees, occupancy, communications, equipment and similar expenses. General and administrative expenses increased 19.2% and 13.5% in 1997 and 1996, respectively, due principally to higher systems consulting expenses in connection with the enhancement of the Partnership's technology-related data processing and communication capabilities.

INTEREST

Interest expense is incurred on the Partnership's borrowings and on deferred compensation owed to employees. Interest expense increased for 1997 primarily as a result of an increase in interest on deferred compensation. Interest expense increased for 1996 resulting from interest incurred on the Notes issued during 1996 in connection with the Cursitor acquisition. See "Capital Resources and Liquidity" for a more detailed discussion of the acquisition.

AMORTIZATION OF INTANGIBLE ASSETS

Amortization of intangible assets is primarily attributable to the intangible assets recorded in connection with the acquisitions of ACMC, Inc., the predecessor of the Partnership, by ELAS during 1985, Shields Asset Management, Incorporated ("Shields") and its wholly-owned subsidiary, Regent Investor Services Incorporated ("Regent") in March 1994 and Cursitor in February 1996. Amortization of intangibles decreased in 1997 principally due to a decrease in amortization of costs assigned to investment contracts of ACMC, Inc., which were fully amortized as of December 31, 1996. Amortization of intangibles increased in 1996 primarily due to the amortization of costs assigned to Cursitor investment contracts and goodwill incurred in connection with the Cursitor acquisition. See "Capital Resources and Liquidity" for a more detailed discussion of the acquisition.

REDUCTION IN RECORDED VALUE OF INTANGIBLE ASSETS

The Partnership recorded a noncash charge of $120.9 million during the second quarter of 1997 to reduce the unamortized recorded value of the Cursitor intangible assets to estimated fair value. This noncash charge reflected the Partnership's view that the decline in Cursitor's assets under management and its reduced profitability no longer supported the unamortized cost of its investment.

TAXES ON INCOME

The Partnership is a publicly traded partnership for Federal tax purposes and, accordingly, for the years ended December 31, 1997, 1996, and 1995 was not subject to Federal, and state corporate income taxes, but is subject to the New York City unincorporated business tax, which is currently imposed at a rate of 4%. Domestic subsidiaries of the Partnership are subject to Federal, state and local income taxes. Subsidiaries organized and operating outside the United States are generally subject to taxes in the foreign jurisdictions where they are located. The 1997 and 1996 provisions for income taxes increased primarily as a result of the increase in taxable income of the Partnership and certain of its corporate subsidiaries.

Under prior tax law, the exemption from Federal income taxes for certain publicly traded partnerships, including the Partnership, would have expired on December 31, 1997. However, The Taxpayer Relief Act of 1997, signed into law on August 5, 1997, includes the option for certain publicly traded partnerships, including the Partnership, to maintain partnership tax status after 1997 and pay a tax, beginning in 1998, of 3.5% of partnership gross income from the active conduct of a trade or business. The Partnership has elected to remain a publicly traded partnership and estimates that the new tax will reduce net income and cash distributions in future years by approximately 10% from what they would have been under the former tax structure.

CAPITAL RESOURCES AND LIQUIDITY

Partners' capital was $398.1 million at December 31, 1997, a decrease of $77.9 million or 16.4% from $476.0 million at December 31, 1996. The decrease was principally due to the noncash charge of $120.9 million to reduce the value of intangible assets associated with the acquisition of Cursitor to estimated fair value.

Cash flow from operations and proceeds from borrowings have been the Partnership's principal sources of working capital. During 1997, the Partnership's cash and cash equivalents increased by $6.3 million. Cash inflows included $195.6 million from operations, proceeds from borrowings net of debt repayments of $66.4 million and $9.5 million of proceeds from exercises of Unit options. Cash outflows included $218.6 million in distributions to Unitholders, $35.3 million in capital expenditures and net purchases of investments of $10.6 million.

The Partnership 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") on February 29, 1996 for approximately $159.0 million. The purchase price consisted of cash payments aggregating $94.3 million, 3,528,230 Units with an aggregate value of $43.2 million at the time of issuance, and notes in the aggregate principal amount of $21.5 million ("Notes"). The Notes with an aggregate outstanding principal amount of $16.1 million at December 31, 1997, bear interest at 6% per annum and are payable ratably over the next three years. Acquisition costs of $4.0 million were also incurred. Under certain circumstances, through February 28, 2006, the Partnership has an option to purchase CHLP's minority interest in Cursitor Alliance LLC, a subsidiary formed at the time of the acquisition of Cursitor, and CHLP has an option to sell its minority interest in Cursitor Alliance LLC to the

Partnership for cash, Units, or a combination thereof 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 LLC. If either option is exercised, the payment of the Buyout Price will be accounted for as an increase in the Cursitor purchase price.

The Partnership's mutual fund distribution system (the "System") includes a multi-class share structure. The System permits the 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 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 $150.3 million and $78.7 million during 1997 and 1996, respectively. Management of the Partnership 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 Partnership requires financial resources to fund commissions paid to financial intermediaries for the sale of Back-End Load Shares under the System, to fund capital expenditures and for general working capital purposes. The Partnership has $250 million in the aggregate available for borrowings through its $250 million revolving credit facility and/or its $250 million commercial paper program. The revolving credit facility established in 1996 provides backup liquidity for commercial paper issued under the Partnership's commercial paper program and can be used as a direct source of borrowing. As of December 31, 1997, the Partnership had $72 million commercial paper outstanding and there were no borrowings outstanding under the Partnership's revolving credit facility.

Many computer systems and applications process transactions using two digit date fields for the year of a transaction, rather than the full four digits. If these systems are not modified and replaced, transactions occurring after 1999 would be processed as year "00", which could result in processing inaccuracies and inoperability by or at the Year 2000. The Partnership utilizes a number of significant computer systems and applications that it either has developed internally or licensed from third-party suppliers. In addition, the Partnership is dependent on third-party suppliers for certain systems applications and for the electronic receipt of information critical to its business. Should the Partnership's significant computer systems and applications or the systems of its important third-party suppliers be unable to process date sensitive information accurately after 1999, the ability of the Partnership to conduct its operations and to provide its separate account clients and the Alliance mutual funds with the required services could be significantly impaired.

The Partnership began to address the Year 2000 issue several years ago in connection with the replacement or upgrade of certain computer systems and applications. During 1997, the Partnership began a formal Year 2000 initiative, which established a structured and coordinated process to deal with the Year 2000 issue. The Partnership is currently assessing the impact of the Year 2000 issue on its domestic and international computer systems and applications. At this time, management of the Partnership expects that the required modifications for the majority of its significant systems and applications will be completed and tested by the end of 1998. Full integration testing of these systems and testing of interfaces with third-party suppliers will continue through 1999. The current estimate of the total cost of this initiative ranges from $35 million to $40 million. These costs consist principally of modification costs which will be expensed as incurred. At this time, management of the Partnership believes that the costs associated with resolving this issue will not have a material adverse effect on the Partnership's results of operations, liquidity or capital resources.

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

COMMITMENTS AND CONTINGENCIES

The 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 ("Complaint") was filed against the Alliance North American Government Income Trust, Inc. (the "Fund"), the Partnership and certain other defendants affiliated with the Partnership alleging violations of federal securities laws, fraud and breach of fiduciary duty in connection with the Fund's investments in Mexican and Argentine securities. The Complaint, which sought certification of a plaintiff class of persons who purchased or owned Class A, B or C shares of the Fund from March 27, 1992 through December 23, 1994, sought an unspecified amount of damages, costs, attorneys' fees and punitive damages. The principal allegations were that the Fund purchased debt securities issued by the Mexican and Argentine governments in amounts that were not permitted by the Fund's investment objective, and that there was no shareholder vote to change the investment objective to permit purchases in such amounts. The Complaint further alleged that the decline in the value of the Mexican and Argentine securities held by the Fund caused the Fund's net asset value to decline to the detriment of the Fund's shareholders.

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 Complaint ("First Decision"). On October 11, 1996, plaintiffs filed a motion for reconsideration of the First Decision. On November 25, 1996, the District Court denied plaintiffs' motion for reconsideration of the First Decision. On October 29, 1997, the United States Court of Appeals for the Second Circuit issued an order granting defendants' motion to strike and dismissing plaintiffs' appeal of the First 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 misrepresented its ability to hedge against the risks of investing in foreign securities, (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 July 15, 1997, the District Court denied plaintiffs' motion for leave to file an amended complaint and ordered that the case be dismissed ("Second Decision"). The plaintiffs have appealed the Second Decision to the United States Court of Appeals for the Second Circuit.

While the ultimate outcome of this matter cannot be determined at this time, management of the Partnership does not expect that it will have a material adverse effect on the Partnership's results of operations or financial condition.

CHANGES IN ACCOUNTING PRINCIPLES

The Partnership adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128") "EARNINGS PER SHARE" on December 31, 1997, and accordingly changed its presentation of net income per Unit to basic net income per Unit and diluted net income per Unit. All prior period net income per Unit data was restated.

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 130 ("SFAS 130") "REPORTING COMPREHENSIVE INCOME". SFAS 130 establishes the disclosure requirements for reporting comprehensive income in an entity's annual and interim financial statements. Comprehensive income includes such items as foreign currency translation adjustments and unrealized gains on securities currently reported as components of partners' capital. SFAS 130 will require the Partnership to classify items of other comprehensive income by their nature in a financial statement and display the accumulated balance of other comprehensive income separately in the partners' capital section of the statement of financial position. SFAS 130 is effective for fiscal years beginning after December 15, 1997. The Partnership will adopt the provisions of SFAS 130 in its 1998 financial statements.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131 ("SFAS 131") "DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION". 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 disclosures about products and services, geographic areas and major customers. Generally, financial information will be required to be reported on the basis used by management for evaluating segment performance and for deciding how to allocate resources to segments. SFAS 131 is effective for fiscal years beginning after December 15, 1997 and need not be applied to interim reporting in the initial year of adoption. The Partnership intends to adopt the provisions of SFAS 131 in its 1998 financial statements, however, management of the Partnership has not yet determined what information, if any, will be reported.

CASH DISTRIBUTIONS

The Partnership is required to distribute all of its Available Cash Flow, as defined in the Partnership Agreement, to the General Partner and Unitholders (including the holder of the Class A Limited Partnership Interest based on Units issuable upon conversion of the Class A Limited Partnership Interest). The Partnership's Available Cash Flow and Distributions per Unit for the years ended December 31, 1997, 1996 and 1995 were as follows (adjusted for the two-for-one Unit split):

AVAILABLE CASH FLOW:

	1997	1996	1995
Available Cash Flow (in thousands)	$238,571	$184,546	$148,937
Distributions per Unit	$1.40	$1.095	$0.91

FORWARD-LOOKING STATEMENTS

Certain statements provided by the Partnership in this Management's Discussion and Analysis of Financial Condition and Results of Operations 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 the Partnership's sponsored investment products and separately managed accounts, general economic conditions, future acquisitions, competitive conditions and government regulations, including changes in tax rates. The Partnership cautions readers to carefully consider such factors. Further, such forward-looking statements speak only as of the date on which such statements are made; the Partnership undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

December 31, (in thousands)	1997	1996
ASSETS		
Cash and cash equivalents	$ 63,761	$ 57,441
Fees receivable:		
Alliance mutual funds	57,487	46,483
Separately managed accounts:		
Affiliated clients	8,357	4,479
Third party clients	73,870	58,339
Receivable from brokers and dealers for sale of shares of Alliance mutual funds	68,701	30,976
Investments, available-for-sale	47,097	35,966
Furniture, equipment and leasehold improvements, net	80,477	57,210
Intangible assets, net	97,398	234,404
Deferred sales commissions, net	251,632	175,172
Other assets	35,680	25,427
Total assets	$784,460	$725,897
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Accounts payable and accrued expenses	$128,878	$103,427
Payable to Alliance mutual funds for share purchases	96,995	55,468
Accrued expenses under employee benefit plans	65,889	51,633
Debt	90,416	24,658
Minority interests in consolidated subsidiaries	4,231	14,691
Total liabilities	386,409	249,877
Commitments and contingencies		
Partners' Capital:		
General Partner	4,299	5,101
Limited partners; 168,976,076 and 167,565,096 Units issued and outstanding, including Class A Limited Partnership Interest, respectively	425,623	505,029
	429,922	510,130
Less: Capital contributions receivable from General Partner	29,123	27,904
Deferred compensation expense	3,500	6,500
Unrealized gain on investments	(752)	(294)
Total partners' capital	398,051	476,020
Total liabilities and partners' capital	$784,460	$725,897

Unit and per Unit amounts have been restated to reflect the two-for-one Unit split, as described in Note 18. See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, (in thousands, except per Unit amounts)	1997	1996	1995
REVENUES:			
Investment advisory and services fees:			
Alliance mutual funds	$384,759	$291,601	$232,730
Separately managed accounts:			
Affiliated clients	52,930	44,901	43,978
Third party clients	261,290	227,530	179,872
Distribution plan fees from Alliance mutual funds	213,692	166,411	128,733
Shareholder servicing and administration fees	53,500	47,806	43,591
Other revenues	9,165	10,268	10,351
	975,336	788,517	639,255
EXPENSES:			
Employee compensation and benefits	264,251	214,880	172,301
Promotion and servicing:			
Distribution plan payments to financial intermediaries:			
Affiliated	56,118	30,533	23,710
Third party	121,791	115,112	86,743
Amortization of deferred sales commissions	73,841	53,144	50,501
Other	60,416	48,868	40,161
General and administrative	120,283	100,854	88,889
Interest	2,968	1,923	1,192
Amortization of intangible assets	7,006	15,613	8,747
Reduction in recorded value of intangible assets	120,900	-	-
	827,574	580,927	472,244
Income before income taxes	147,762	207,590	167,011
Income taxes	18,806	14,244	11,624
Net income	$128,956	$193,346	$155,387
Net income per Unit:			
Basic	$ 0.76	$ 1.15	$ 0.95
Diluted	$ 0.74	$ 1.13	$ 0.94

Unit and per Unit amounts have been restated to reflect the two-for-one Unit split, as described in Note 18. See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

For the Years Ended December 31, (in thousands)	GENERAL PARTNER'S CAPITAL	LIMITED PARTNERS' CAPITAL	CAPITAL CONTRIBUTIONS RECEIVABLE	DEFERRED COMPENSATION EXPENSE	UNREALIZED GAIN (LOSS) ON INVESTMENTS	TOTAL PARTNERS' CAPITAL
Balance at December 31, 1994	$4,176	$413,454	$(23,172)	$(12,500)	$ (629)	$381,329
Net income	1,554	153,833				155,387
Cash distributions to partners ($0.865 per Unit)	(1,413)	(139,906)				(141,319)
Amortization of deferred compensation expense				3,000		3,000
Capital contributions from General Partner			781			781
Compensation plan accrual	30	2,975	(3,005)			-
Issuance of Units to employees	19	1,901				1,920
Proceeds from Unit options exercised	56	5,500				5,556
Unrealized gain on investments					534	534
Foreign currency translation adjustment	(5)	(474)				(479)
Balance at December 31, 1995	4,417	437,283	(25,396)	(9,500)	(95)	406,709
Net income	1,933	191,413				193,346
Cash distributions to partners ($1.05 per Unit)	(1,755)	(173,779)				(175,534)
Amortization of deferred compensation expense				3,000		3,000
Capital contributions from General Partner			774			774
Compensation plan accrual	33	3,249	(3,282)			-
Issuance of Units for acquisition	427	42,279				42,706
Proceeds from Unit options exercised	54	5,367				5,421
Unrealized gain on investments					389	389
Foreign currency translation adjustment	(8)	(783)				(791)
Balance at December 31, 1996	5,101	505,029	(27,904)	(6,500)	294	476,020
Net income	1,290	127,666				128,956
Cash distributions to partners ($1.285 per 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 Unit options exercised	95	9,434				9,529
Unrealized gain on investments					458	458
Foreign currency translation adjustment	(21)	(2,048)				(2,069)
Balance at December 31, 1997	$4,299	$425,623	$(29,123)	$(3,500)	$ 752	$398,051

Unit and per Unit amounts have been restated to reflect the two-for-one Unit split, as described in Note 18. See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, (in thousands)	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$128,956	$193,346	$155,387
Adjustments to reconcile net income to net cash provided from operating activities:			
Amortization and depreciation	92,773	76,893	67,350
Reduction in recorded value of intangible assets	120,900	-	-
Other, net	6,570	8,395	5,918
Changes in assets and liabilities:			
(Increase) in fees receivable from Alliance mutual funds	(11,029)	(9,119)	(5,457)
(Increase) decrease in fees receivable from affiliated clients	(3,878)	(2,473)	12,232
(Increase) in fees receivable from third party clients	(15,708)	(190)	(7,549)
(Increase) in receivable from brokers and dealers for sale of shares of Alliance mutual funds	(37,725)	(4,325)	(8,667)
(Increase) in deferred sales commissions	(150,301)	(78,733)	(41,740)
(Increase) decrease in other assets	(11,328)	3,262	(6,273)
Increase in accounts payable and accrued expenses	23,916	23,535	16,469
Increase in payable to Alliance mutual funds for share purchases	41,481	10,251	12,710
Increase in accrued expenses under employee benefit plans, less deferred compensation	11,010	3,388	207
Net cash provided from operating activities	195,637	224,230	200,587
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(516,720)	(132,008)	(94,547)
Proceeds from sale of investments	506,116	131,585	109,138
Purchase of businesses	-	(99,427)	-
Additions to furniture, equipment and leasehold improvements	(35,341)	(21,157)	(7,644)
Net cash provided from (used in) investing activities	(45,945)	(121,007)	6,947
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of debt	126,863	-	106
Repayment of debt	(60,451)	(65)	(178)
Cash distributions to partners	(218,604)	(175,534)	(141,319)
Capital contributions from General Partner	761	774	781
Proceeds from Unit options exercised	9,529	5,421	5,556
Net cash used in financing activities	(141,902)	(169,404)	(135,054)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,470)	(634)	(423)
Net increase (decrease) in cash and cash equivalents	6,320	(66,815)	72,057
Cash and cash equivalents at beginning of the year	57,441	124,256	52,199
Cash and cash equivalents at end of the year	$ 63,761	$ 57,441	$124,256

Unit and per Unit amounts have been restated to reflect the two-for-one Unit split, as described in Note 18. See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Alliance Capital Management L.P. (the "Partnership") and its consolidated subsidiaries provide diversified investment management services to unaffiliated separately managed accounts, to The Equitable Life Assurance Society of the United States ("ELAS"), a wholly-owned subsidiary of The Equitable Companies Incorporated ("Equitable"), and certain of their subsidiaries and affiliates and, through mutual funds and various other investment vehicles, to individual investors. 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 other domestic and foreign institutions. Mutual funds management consists of the management, distribution and servicing of the Partnership's sponsored mutual funds and cash management products, including money market funds and deposit accounts ("Alliance mutual funds").

The Partnership is a registered investment adviser under the Investment Advisers Act of 1940. Alliance Capital Management Corporation ("Alliance"), an indirect wholly-owned subsidiary of Equitable, owns a 1% general partnership interest in the Partnership. At December 31, 1997, Equitable was the beneficial owner of approximately 56.9% of units representing assignments of beneficial ownership of limited partnership interests ("Units").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The 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 of the Partnership 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.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the Partnership and its majority-owned subsidiaries. The equity method of accounting is used for unconsolidated subsidiaries in which the Partnership's ownership interests range from 20 to 50 percent and the 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

The Partnership's 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 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 ranging from twelve to twenty years. The Partnership evaluates impairment of its intangible assets 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, the Partnership recognizes an impairment loss 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 periods of time estimated by management of the Partnership 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.

REVENUE RECOGNITION AND MUTUAL FUND UNDERWRITING ACTIVITIES

Investment advisory and services fees are recorded as revenue as the related services are performed. Purchases and sales of shares of Alliance mutual funds in connection with the underwriting activities of the 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.

UNIT OPTION PLANS

Prior to January 1, 1996, the Partnership accounted for its Unit option plans in accordance with Accounting Principles Board Opinion ("APB 25"), ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES. Under APB 25, compensation expense is recorded on the date of grant only if the market price of the underlying Units exceeds the exercise price. On January 1, 1996, the Partnership adopted Statement of Financial Accounting Standards No. 123 ("SFAS 123"), ACCOUNTING FOR STOCK-BASED COMPENSATION, which permits 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 and provide pro forma net income and pro forma earnings per Unit disclosures for employee stock option grants made in 1995 and future years as if the fair-value-based method defined in SFAS 123 had been applied. The Partnership has elected to continue to apply the provisions of APB 25 and to provide the pro forma disclosure provisions of SFAS 123.

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 accumulated in partners' capital. Net foreign currency gains and losses for the three-year period ended December 31, 1997 were not material.

NET INCOME PER UNIT

In 1997, the Financial Accounting Standards Board issued Statement No. 128 ("SFAS 128"), EARNINGS PER SHARE. SFAS 128 replaced the calculation of primary and fully diluted net income per Unit with basic and diluted net income per Unit. Prior period net income per Unit amounts have been restated to conform to the SFAS 128 requirements. Unit and per Unit amounts have also been restated to reflect the two-for-one Unit split announced on February 19, 1998, as described in Note 18. The record date for the Unit split is March 11, 1998.

CASH DISTRIBUTIONS TO PARTNERS

The Partnership is required to distribute all of its Available Cash Flow, as defined in its Partnership Agreement, to the General Partner and Unitholders.

RECLASSIFICATIONS

Certain amounts in the 1996 and 1995 financial statements have been reclassified to conform with the 1997 presentation.

3. ACQUISITION

On February 29, 1996, the Partnership 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 purchase price consisted of 3,528,230 Units with an aggregate value of $43.2 million at the time of issuance, $94.3 million in cash, and notes in the aggregate principal amount of $21.5 million ("Notes"). Acquisition costs of $4.0 million were also incurred.

The acquisition of Cursitor resulted in the formation of a new subsidiary of the Partnership, Cursitor Alliance LLC, in which CHLP owns a 7% minority equity interest. Under certain circumstances, through February 28, 2006, the Partnership has an option to purchase CHLP's minority interest in Cursitor Alliance LLC, and CHLP has an option to sell its minority interest in Cursitor Alliance LLC to the Partnership for cash, Units, or a combination thereof 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 LLC during the twelve month period ending on the February 28th preceding the date either option is exercised. If either option is exercised, the payment of the Buyout Price will be accounted for as an increase in the Cursitor purchase price.

The acquisition was accounted for under the purchase method with the results of Cursitor included in the Partnership's consolidated financial statements from the acquisition date. The excess of the purchase price, including acquisition costs and minority interest over the fair value of Cursitor's net assets acquired, resulted in the recognition of intangible assets consisting of goodwill and costs assigned to Cursitor's investment contracts of approximately $38.3 million and $122.8 million, respectively.

During the second quarter of 1997, management of the Partnership determined that the value of the assets of Cursitor was impaired and reduced the unamortized recorded value of the goodwill and cost assigned to investment contracts by $35.7 million and $94.3 million, respectively, to their estimated fair value. This noncash charge reflected management's view that the decline in Cursitor's assets under management and its reduced profitability no longer supported the unamortized cost of its investment.

4. CLASS A LIMITED PARTNERSHIP INTEREST

In connection with the purchase in July 1993 of the business of Equitable Capital Management Corporation ("ECMC"), a wholly-owned subsidiary of ELAS, the Partnership created a Class A Limited Partnership Interest convertible initially into 200,000 Units. During 1997, the amount of Units issuable upon conversion of the Class A Limited Partnership Interest was increased by 209,912 Units to 1,102,790 Units. Units issuable upon conversion of the Class A Limited Partnership Interest may be increased by up to $14.5 million in additional Units to reflect the receipt by the Partnership of certain performance fees through March 1998.

5. NET INCOME PER UNIT

Basic net income per Unit is derived by reducing net income for each year by 1% for the general partnership interest held by the General Partner and dividing the remaining 99% by the weighted average number of Units outstanding and Units issuable upon conversion of the Class A Limited Partnership Interest. Diluted net income per Unit is derived by reducing net income for each year by 1% for the general partnership interest held by the General Partner and dividing the remaining 99% by the weighted average number of Units outstanding, Unit equivalents and Units issuable upon conversion of the Class A Limited Partnership Interest.

(in thousands, except per Unit amounts)	1997	1996	1995
Net income	$128,956	$193,346	$155,387
Weighted average Units outstanding - Basic net income per Unit	168,448	166,382	161,538
Dilutive effect of employee Unit options	3,428	2,586	1,578
Weighted average Units outstanding - Diluted net income per Unit	171,876	168,968	163,116
Basic net income per Unit	$ 0.76	$ 1.15	$ 0.95
Diluted net income per Unit	$ 0.74	$ 1.13	$ 0.94

6. INVESTMENTS

At December 31, 1997 and 1996, the Partnership's investments consisted solely of investments in Alliance mutual funds classified as available-for-sale securities. The amortized cost, gross unrealized gains and losses and fair value of investments were as follows (in thousands):

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
December 31, 1997	$46,345	$914	$(162)	$47,097
December 31, 1996	$35,672	$395	$(101)	$35,966

Proceeds from sales of investments were approximately $506,116,000, $131,585,000 and $109,138,000 in 1997, 1996 and 1995, respectively. Gross investment gains of $94,000, $124,000 and $125,000 and gross investment losses of $25,000, $345,000 and $332,000 were realized from the sales for the years ended December 31, 1997, 1996 and 1995, respectively.

7. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

	DECEMBER 31, 1997	DECEMBER 31, 1996
Furniture and equipment	$ 75,170	$51,071
Leasehold improvements	56,330	46,954
	131,500	98,025
Less: Accumulated depreciation and amortization	51,023	40,815
Furniture, equipment and leasehold improvements, net	$ 80,477	$57,210

8. INTANGIBLE ASSETS

The following is a summary of intangible assets at December 31, 1997 and 1996 (in thousands):

	DECEMBER 31, 1997	DECEMBER 31, 1996
Goodwill, net of accumulated amortization of $14,611 in 1997 and $11,221 in 1996, respectively	$77,582	$116,721
Cost assigned to investment contracts of businesses acquired, net of accumulated amortization of $87,332 in 1997 and $83,717 in 1996, respectively	19,816	117,683
	$97,398	$234,404

9. DEBT

During 1996, the Partnership entered into a $250 million five-year revolving credit facility with a group of banks. Under the facility, the interest rate, at the option of the Partnership, is a floating rate generally based upon a defined prime rate, a rate related to the London Interbank Offered Rate (LIBOR) or the Federal Funds rate. A facility fee is payable on the total facility. The revolving credit facility will be used to provide back-up liquidity for the Partnership's $250 million commercial paper program, to fund commission payments to financial intermediaries for the sale of back-end load shares under the Partnership's mutual fund distribution system, and for general working capital purposes. At December 31, 1997, the Partnership had $72 million principal amount of commercial paper outstanding at an effective interest rate of 6.2% and there were no borrowings outstanding under the Partnership's revolving credit facility. The recorded amount of the outstanding commercial paper approximates fair value.

The revolving credit facility contains covenants which require the Partnership to, among other things, meet certain financial ratios. The Partnership was in compliance with the covenants at December 31, 1997.

Debt includes Notes issued to CHLP in the aggregate principal amounts of $16,125,000 and $21,500,000 at December 31, 1997 and 1996, respectively. The Notes bear interest at 6% per annum and are payable ratably over the next three years. Debt also includes promissory notes with aggregate outstanding principal amounts of $2,390,000 and $3,076,000 at December 31, 1997 and 1996, respectively, issued to certain investment partnerships for which a subsidiary of the Partnership serves as general partner. The principal amounts of these notes are reduced proportionately as partners receive return of capital distributions from the investment partnerships. The recorded amounts of these notes approximate their fair value.

10. COMMITMENTS AND CONTINGENCIES

The Partnership and its subsidiaries lease office space, furniture and office equipment under various operating leases. The minimum commitments under the leases, net of sublease commitments, at December 31, 1997 aggregated $345,355,000 and are payable as follows: $16,886,000, $18,600,000, $18,783,000, $18,608,000 and $18,169,000 for the years 1998 through 2002, respectively, and a total of $254,309,000 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, 1997, 1996 and 1995 was $21,262,000, $24,760,000 and $22,125,000, respectively.

On July 25, 1995, a Consolidated and Supplemental Class Action Complaint ("Complaint") was filed against Alliance North American Government Income Trust, Inc. (the "Fund"), the Partnership and certain other defendants affiliated with the Partnership alleging violations of federal securities laws, fraud and breach of fiduciary duty in connection with the Fund's investments in Mexican and Argentine securities. The Complaint, which sought certification of a plaintiff class of persons who purchased or owned Class A, B or C shares of the Fund from March 27, 1992 through December 23, 1994, sought an unspecified amount of damages, costs, attorneys' fees and punitive damages. The principal allegations were that the Fund purchased debt securities issued by the Mexican and Argentine governments in amounts that were not permitted by the Fund's investment objective, and that there was no shareholder vote to change the investment objective to permit purchases in such amounts. The Complaint further alleged that the decline in the value of the Mexican and Argentine securities held by the Fund caused the Fund's net asset value to decline to the detriment of the Fund's shareholders.

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 Complaint ("First Decision"). On October 11, 1996, plaintiffs filed a motion for reconsideration of the First Decision. On November 25, 1996, the District Court denied plaintiffs' motion for reconsideration of the First Decision. On October 29, 1997, the United States Court of Appeals for the Second Circuit issued an order granting defendants' motion to strike and dismissing plaintiffs' appeal of the First 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 misrepresented its ability to hedge against the risks of investing in foreign securities, (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 July 15, 1997, the District Court denied plaintiffs' motion for leave to file an amended complaint and ordered that the case be dismissed ("Second Decision"). The plaintiffs have appealed the Second Decision to the United States Court of Appeals for the Second Circuit.

While the ultimate outcome of this matter cannot be determined at this time, management of the Partnership does not expect that it will have a material adverse effect on the Partnership's results of operations or financial condition.

11. NET CAPITAL

Alliance Fund Distributors, Inc. ("AFD"), a wholly-owned subsidiary of the 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, 1997 was $10,552,000, which was $6,796,000 in excess of its required net capital of $3,756,000.

12. EMPLOYEE BENEFIT PLANS

The 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 Partnership and its subsidiaries.

The 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 1997, 1996 and 1995 were $8,744,000, $8,310,000 and $7,750,000, respectively.

The 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 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 following table presents the retirement plan's funded status and amounts recognized in the Partnership's consolidated statements of financial condition (in thousands):

	DECEMBER 31, 1997	1996
Actuarial present value of benefit obligations:		
Vested benefit obligation	$(14,944)	$(11,644)
Nonvested benefit obligation	$ (867)	$ (559)
Projected benefit obligation for service rendered to date	$(26,169)	$(19,332)
Plan assets at fair value	24,300	20,035
Projected benefit obligation (in excess of) less than plan assets	(1,869)	703
Unrecognized net (gain) from past experience different from that assumed and effects of changes in assumptions	(2,254)	(3,094)
Prior service cost not yet recognized in net periodic pension cost	(1,535)	(1,648)
Unrecognized net plan assets at January 1, 1987 being recognized over 26.3 years	(2,192)	(2,335)
Accrued pension expense included in accrued expenses under employee benefit plans	$ (7,850)	$ (6,374)

Net expense under the retirement plan for the years ended December 31, 1997, 1996 and 1995 was comprised of (in thousands):

	1997	1996	1995
Service cost	$ 2,143	$ 2,317	$ 1,621
Interest cost on projected benefit obligations	1,600	1,405	1,116
Actual return on plan assets	(4,596)	(2,057)	(4,510)
Net amortization and deferral	2,329	(41)	2,850
Net pension charge	$ 1,476	$ 1,624	$ 1,077

Actuarial computations at December 31, 1997, 1996 and 1995 were made utilizing the following assumptions:

	1997	1996	1995
Discount rate on benefit obligations	7.50%	8.00%	7.50%
Expected long-term rate of return on plan assets	10.00%	10.00%	10.00%
Annual salary increases	5.50%	5.50%	5.50%

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

The 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 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 Equitable, is obligated to make capital contributions to the 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, 1997, 1996 and 1995 were $1,980,000, $3,282,000 and $3,005,000, respectively.

During 1995, the 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 vest ratably over eight years. Until distributed, the awards are generally credited with earnings based on the Partnership's earnings growth rate. Payment of vested benefits will generally be made over a five-year period commencing at retirement although, under certain circumstances, full or partial lump sum payments may be made upon termination of employment. The Plan may be terminated at any time without cause, in which case the Partnership's liability would be limited to vested benefits. The Partnership made awards in 1997, 1996 and 1995 aggregating $21,725,000, $12,350,000 and $7,925,000, respectively. The amounts charged to expense for the Plan for the years ended December 31, 1997, 1996 and 1995 were $9,822,000, $2,816,000 and $0, respectively.

During 1994, certain key employees of Shields Asset Management, Incorporated and its wholly-owned subsidiary, Regent Investor Services Incorporated entered into employment agreements with the Partnership and were issued 1,290,320 new Units with an aggregate fair market value of approximately $15,000,000, which is being amortized as employee compensation expense ratably over five years. Aggregate amortization of $3,000,000 was recorded for each year ended December 31, 1997, 1996 and 1995.

13. EMPLOYEE UNIT AWARD AND OPTION PLANS

During 1988, a Unit Option Plan ("Unit Option Plan") was established under which options to purchase up to 9,846,152 Units may be granted to certain key employees. A committee of the Board of Directors of the General Partner administers the 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 the Units on the date of grant. Options are exercisable at a rate of 20% of the Units subject to options on each of the first five anniversary dates of the date of grant.

During 1993, the 1993 Unit Option Plan, the Unit Bonus Plan and the Century Club Plan (together the "1993 Plans") were established by the Partnership. 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 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 the Units on the date of grant. Options are exercisable at a rate of 20% of the Units subject to options on each of the first five anniversary dates of the date of grant. Under the Unit Bonus Plan, Units may be awarded to key employees in lieu of all or a portion of the cash bonuses they would otherwise receive under the 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 Units. The aggregate number of Units that can be the subject of options granted or that can be awarded under the 1993 Plans may not exceed 6,400,000 Units. As of December 31, 1997, 5,703,200 Units were subject to options granted and 276,954 Units were subject to awards made under the 1993 Plans.

During 1997, the 1997 Long Term Incentive Plan (the "1997 Plan") was established by the Partnership. Committees of the Board of Directors of the General Partner administer the 1997 Plan and determine the recipients of Unit awards, including options, restricted Units and phantom restricted Units, performance awards, other 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 Units that can be the subject of options granted or that can be awarded under the 1997 Plan may not exceed 16,000,000 Units.

During 1997, 1996, and 1995, the Committees authorized the grant of options to employees of the Partnership to purchase 2,125,000, 1,450,000 and 3,611,000 of the Partnership's Units, respectively, under the Unit Option Plan, the 1993 Plans and the 1997 Plan. The per Unit weighted-average fair value of options granted during 1997, 1996 and 1995 was $2.18, $1.35 and $1.12, 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%, 5.8% and 6.0% for 1997, 1996 and 1995, respectively, expected dividend yield of 8.0% for each year, and a volatility factor of the expected market price of the Partnership's Units of 26% for 1997 and 23% for 1996 and 1995.

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

	1997	1996	1995
Pro forma net income	$127,367	$191,895	$154,688
Pro forma basic net income per Unit	$ 0.75	$ 1.14	$ 0.95
Pro forma diluted net income per Unit	$ 0.73	$ 1.12	$ 0.94

Pro forma net income reflects only options granted in 1997, 1996 and 1995. Therefore, the full impact of calculating compensation cost for Unit 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 Unit price volatility. Because the Partnership's employee Unit 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 its Unit options.

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

	UNITS	WEIGHTED AVERAGE EXERCISE PRICE PER UNIT
Outstanding at January 1, 1995	7,624,800	$ 7.73
Granted	3,611,000	$10.27
Exercised	(992,200)	$ 5.60
Forfeited	(587,400)	$ 8.32
Outstanding at December 31, 1995	9,656,200	$ 8.86
Granted	1,450,000	$12.56
Exercised	(794,600)	$ 6.82
Forfeited	(243,400)	$ 9.66
Outstanding at December 31, 1996	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
Exercisable at December 31, 1997	4,620,480	

Exercise prices for options outstanding as of December 31, 1997 ranged from $3.031 to $18.781. The weighted-average remaining contractual life of those options is 7.2 years.

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

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AS OF 12/31/97	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AS OF 12/31/97	WEIGHTED AVERAGE EXERCISE PRICE
$ 3.031 - $ 8.875	2,115,200	4.0	$ 6.60	2,043,200	$ 6.52
9.688 - 9.875	1,602,400	7.3	9.70	551,200	9.70
9.938 - 10.688	2,155,200	6.3	10.07	1,285,280	10.10
11.125 - 13.75	2,719,800	8.5	11.91	740,800	11.65
18.469 - 18.781	2,045,000	10.0	18.48	-	-
$ 3.031 - $18.781	10,637,600	7.2	$11.41	4,620,480	$ 8.72

14. INCOME TAXES

The Partnership is a publicly traded partnership for Federal income tax purposes and, accordingly, for the years ended December 31, 1997, 1996 and 1995 was not currently subject to Federal and state corporate income taxes but is subject to the New York City unincorporated business tax ("UBT"). Effective for years beginning after December 31, 1997, a Partnership will be subject to pay a tax of 3.5% of partnership gross income from the active conduct of a trade or business. Domestic corporate subsidiaries of the Partnership, which are subject to Federal, state and local income taxes, file a consolidated Federal income tax return and separate state and local income tax returns. Foreign corporate subsidiaries are generally subject to taxes in the foreign jurisdictions where they are located.

The provision for income taxes consists of the following (in thousands):

	1997	1996	1995
Partnership unincorporated business taxes	$11,186	$ 8,182	$ 5,644
Corporate subsidiaries:			
Federal	4,800	3,800	3,900
State, local and foreign	2,820	2,262	2,080
	$18,806	$14,244	$11,624

The principal reasons for the difference between the Partnership's effective tax rate and the UBT statutory tax rate of 4% are as follows:

	1997		1996		1995	
UBT statutory rate	$ 5,910	4.0%	$ 8,304	4.0%	$ 6,681	4.0%
Corporate subsidiaries' Federal, state, local and foreign income taxes	7,206	4.9%	6,062	2.9%	5,980	3.6%
Reduction in recorded value of intangible assets	4,705	3.2%	-	-	-	-
Miscellaneous	985	0.6%	(122)	-	(1,037)	(0.6%)
	$18,806	12.7%	$14,244	6.9%	$11,624	7.0%

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 Partnership's net deferred tax assets are as follows (in thousands):

	DECEMBER 31,	
	1997	1996
Deferred tax asset:		
Differences between book and tax treatment of deferred compensation plans	$2,614	$1,897
Other, primarily accruals deductible when paid	1,480	1,131
	4,094	3,028
Deferred tax liability:		
Differences between book and tax basis of furniture, equipment and leasehold improvements and intangibles	402	589
Net deferred tax asset	3,692	2,439
Valuation allowance	2,792	1,539
Deferred tax asset, net of valuation allowance	$ 900	$ 900

The net change in the valuation allowance for the year ended December 31, 1997 was $1,253,000. The valuation allowance primarily relates to uncertainties on the deductibility for UBT purposes of certain compensation related items. The deferred tax asset is included in other assets.

15. RELATED PARTY TRANSACTIONS

The Partnership and its consolidated subsidiaries provide investment management, distribution, shareholder servicing, accounting and legal services 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):

	YEAR ENDED DECEMBER 31, 1997	1996	1995
Investment advisory and services fees	$384,759	$291,601	$232,730
Distribution plan fees	213,692	166,411	128,733
Shareholder servicing and administration fees	44,871	39,451	35,310

The Partnership provides investment management and administration services to Equitable and certain of its subsidiaries other than the Partnership ("Equitable Subsidiaries") and certain of their affiliates. In addition, certain Equitable Subsidiaries distribute Alliance mutual funds and cash management products for which they receive commissions and distribution payments. Sales of Alliance mutual funds through the Equitable Subsidiaries aggregated $594,116,000, $697,144,000 and $346,717,000 for the years ended December 31, 1997, 1996 and 1995, respectively. The Partnership and its employees are covered by various insurance policies maintained by Equitable Subsidiaries. In addition, the Partnership pays fees for other services provided by Equitable Subsidiaries.

Aggregate amounts included in the consolidated financial statements for transactions with the Equitable Subsidiaries and certain of their affiliates are as follows (in thousands):

	YEAR ENDED DECEMBER 31, 1997	1996	1995
Revenues:			
Investment advisory and services fees	$52,930	$44,901	$43,978
Shareholder servicing and administration fees	7,739	7,548	7,322
Expenses:			
Distribution payments to financial intermediaries	56,118	30,533	23,710
General and administrative	5,819	5,865	5,428

16. SUPPLEMENTAL CASH FLOW INFORMATION

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

	YEAR ENDED DECEMBER 31, 1997	1996	1995
Interest	$ 1,803	$ 506	$ 812
Income taxes	15,724	14,797	11,125

17. ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 130 ("SFAS 130"), "REPORTING COMPREHENSIVE INCOME". SFAS 130 establishes the disclosure requirements for reporting comprehensive income in an entity's annual and interim financial statements. Comprehensive income includes such items as foreign currency translation adjustments and unrealized gains on securities currently reported as components of partners' capital. SFAS 130 will require the Partnership to classify items of other comprehensive income by their nature in a financial statement and display the accumulated balance of other comprehensive income separately in the partners' capital section of the statement of financial condition. SFAS 130 is effective for fiscal years beginning after December 15, 1997. The Partnership will adopt the provisions of SFAS 130 in its 1998 financial statements.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION". 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 disclosures about products and services, geographic areas and major customers. Generally, financial information will be required to be reported on the basis used by management for evaluating segment performance and for deciding how to allocate resources to segments. SFAS 131 is effective for fiscal years beginning after December 15, 1997 and need not be applied to interim reporting in the initial year of adoption. The Partnership intends to adopt the provisions of SFAS 131 in its 1998 consolidated financial statements, however, management of the Partnership has not yet determined what information, if any, will be reported.

18. SUBSEQUENT EVENTS

On February 19, 1998, the Board of Directors of the General Partner authorized a two-for-one Unit split to holders of record on March 11, 1998. Unit and per Unit amounts in the financial statements have been restated to reflect the Unit split.

On February 5, 1998, the Finance Committee of the Board of Directors of the General Partner declared a cash distribution of $69,980,000 or $0.41 per Unit representing the Available Cash Flow (as defined in the Partnership Agreement) of the Partnership for the period October 1 through December 31, 1997. The distribution is payable on February 24, 1998 to holders of record on February 17, 1998.

19. QUARTERLY FINANCIAL DATA (UNAUDITED)
(in thousands, except per Unit data)

	QUARTER ENDED 1997			
	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
Revenues	$279,901	$250,848	$225,336	$219,251
Net income (loss)	73,520	66,209	(64,122)	53,349
Basic net income (loss) per Unit(1)	.43	.39	(.38)	.31
Diluted net income (loss) per Unit(1)	.42	.38	(.38)	.31
Cash distributions per Unit(1)(2)	.41	.37	.32	.30
Unit prices(1):				
High	19 29/32	18 3/4	14 23/32	14 15/16
Low	16 3/8	14 3/4	12 3/16	12 5/16

	QUARTER ENDED 1996			
	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
Revenues	$212,754	$197,998	$196,149	$181,616
Net income	52,292	48,957	47,030	45,067
Basic net income per Unit(1)	.31	.29	.28	.27
Diluted net income per Unit(1)	.30	.29	.27	.27
Cash distributions per Unit(1)(2)	.295	.275	.265	.26
Unit prices(1):				
High	14 7/16	13	12 9/16	12 3/4
Low	12 9/16	11 9/16	11 11/16	10 7/8

(1) Unit and per Unit amounts have been restated to reflect the two-for-one Unit split, as described in Note 18.

(2) Declared and paid during the following quarter.

INDEPENDENT AUDITORS' REPORT

THE GENERAL PARTNER AND UNITHOLDERS
ALLIANCE CAPITAL MANAGEMENT L.P.

We have audited the accompanying consolidated statements of financial condition of Alliance Capital Management L.P. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, changes in partners' capital, and cash flows for each of the years in the three-year period ended December 31, 1997. 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 Management L.P. and subsidiaries as of December 31, 1997 and 1996 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ KPMG Peat Marwick LLP
KPMG Peat Marwick LLP

New York, New York
February 5, 1998, except
for Note 18 which is as of
February 19, 1998

SUBSIDIARIES OF THE REGISTRANT

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)

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.
(Madrid)

ACSYS Software India Private Limited
(India)

Alliance Capital Limited
(UK)

Alliance Capital Services Limited
(UK)

Cursitor Alliance LLC
(Delaware)

Cursitor Cecogest SA
(France)

Cursitor Courtage SARL
(France)

Cursitor-Eaton Asset
Management Company
(New York)

Cursitor Gestion SA
(France)

Cursitor Alliance Holdings Limited
(UK)

Cursitor Management Co. SA
(Luxembourg)

Cursitor Management Ltd.
(UK)

Dimensional Trust Management Limited
(UK)

Draycott Partners, Ltd.
(Massachusetts)

Meiji-Alliance Capital Corporation
(Delaware)

Cursitor Alliance Services Limited
(UK)

East Fund Managementberatung GmbH
(Austria)

ACM CIIC Investment Management Limited
(Cayman Islands)

Alliance Capital Management (Singapore) Ltd.
(Singapore)

Alliance Capital Investment Trust Management
Limited K.K.
(Japan)

Alliance Odyssey Capital Management (Proprietary) Limited
(South Africa)

[LETTERHEAD]

The Board of Directors
Alliance Capital Management Corporation:

We consent to the use of our report dated February 5, 1998, except for Note 18 which is as of February 19, 1998, relating to the consolidated statements of financial condition of Alliance Capital Management L.P. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, changes in partners' capital, and cash flows for each of the years in the three-year period ended December 31, 1997 incorporated herein by reference in the annual report on Form 10-K of Alliance Capital Management L.P.

/s/ KPMG Peat Marwick LLP

New York, New York
March 27, 1998

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 Dave H. Williams, 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, 1997 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: March 2, 1998

/s/ Claude Bebear

Claude Bebear

5710e

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Date: March 2, 1998

/s/ Luis J. Bastida

Luis J. Bastida

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Date: March 2, 1998

/s/ Donald H. Brydon

Donald H. Brydon

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Date: March 2, 1998

/s/ Henri de Castries

Henri de Castries

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Date: March 2, 1998

/s/ Kevin C. Dolan

Kevin C. Dolan

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Date: March 2, 1998

/s/ Jean-Pierre Hellebuyck

Jean-Pierre Hellebuyck

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Date: March 2, 1998

/s/ Benjamin D. Holloway

Benjamin D. Holloway

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Date: March 2, 1998

/s/ Denis Duverne

Denis Duverne

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Date: March 2, 1998

/s/ Joseph J. Melone

Joseph J. Melone

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Date: March 2, 1998

/s/ Edward D. Miller

Edward D. Miller

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Date: March 2, 1998

/s/ Peter D. Noris

Peter D. Noris

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Date: March 2, 1998

/s/ Stanley B. Tulin

Stanley B. Tulin

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Date: March 2, 1998

/s/ Robert B. Zoellick

Robert B. Zoellick

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Date: March 2, 1998

/s/ Alfred Harrison

Alfred Harrison

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YEAR	YEAR	YEAR
DEC-31-1997	DEC-31-1996	DEC-31-1995
JAN-01-1997	JAN-01-1996	JAN-01-1995
DEC-31-1997	DEC-31-1996	DEC-31-1995
63,761	0	0
47,097	0	0
208,415	0	0
0	0	0
0	0	0
319,217	0	0
80,477	57,210	43,946
0	0	0
784,460	0	0
295,993	0	0
13,140	0	0
0	0	0
0	0	0
0	0	0
398,051	0	0
784,460	0	0
975,336	0	0
975,336	0	0
0	0	0
817,600	0	0
7,006	0	0
0	0	0
2,968	0	0
147,762	0	0
18,806	0	0
128,956	0	0
0	0	0
0	0	0
0	0	0
128,958	0	0
.76	1.15	.95
.74	1.13	.94

Earnings per Unit amounts prior to 1997 have been restated as required to comply with Statement of Financial Accounting Standards No. 128, Earnings per Share. Unit and per Unit amounts for all periods presented reflect a two-for-one Unit split with a record date of March 11, 1998.