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 [FEE REQUIRED]
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
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 OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
1345 AVENUE OF THE AMERICAS NEW YORK, N.Y.	10105
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (212) 969-1000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

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, 1997 (based on the closing price on the New York Stock Exchange on February 28, 1997) was approximately $911,130,416.00.

The number of Units representing assignments of beneficial ownership of limited partnership interests outstanding as of March 1, 1997 was 83,521,643 Units.

DOCUMENTS INCORPORATED BY REFERENCE

Certain pages of the Alliance Capital Management L.P. 1996 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-UAP" 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.

As of March 1, 1997 ECI and Equitable were the beneficial owners of 48,089,183 Units or approximately 57.86% 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 is 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.

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") in exchange for 1,764,115 Units, $94.3 million in cash, notes in the aggregate principal amount of $21.5 million which are payable ratably over the next four years and substantial additional consideration which will be determined at a later date.

Cursitor, an international investment management firm with offices in London, Paris and Boston, managed approximately $10.1 billion in assets for both U.S. and non-U.S. institutions, mainly pension plans on February 29, 1996. 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. Senior management of Cursitor acquired a minority interest in Cursitor Alliance. See "Investment Management Services - Global Asset Allocation".

As of March 1, 1997 AXA-UAP and its subsidiaries owned 60.7% of the issued and outstanding shares of the capital 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.

AXA-UAP, a French company, is the holding company for an international group of insurance and related financial services companies. AXA-UAP'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-UAP 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-UAP, on March 1, 1997, 22.5% of the issued ordinary shares (representing 33.0% of the voting power) of AXA-UAP were controlled directly and indirectly by Finaxa, a French holding company. As of March 1, 1997, 61.4% of the shares (representing 72.0% 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 34.9% of the shares, representing 40.0% of the voting power), and 23.7% of the shares of Finaxa (representing 14.6% of the voting power) were owned by Banque Paribas, a French bank ("Paribas"). Including the ordinary shares owned by Finaxa, on March 1, 1997, the Mutuelles AXA directly or indirectly controlled 26.0% of the issued ordinary shares (representing 38.1% of the voting power) of AXA-UAP. Acting as a group, the Mutuelles AXA control AXA-UAP and Finaxa.

In November 1996, AXA offered (the "Exchange Offer") to acquire 100% of the ordinary shares ("UAP Shares") of FF 10 each of Compagnie UAP, a societe anonyme organized under the laws of France ("UAP"), in exchange for ordinary shares ("Shares") and Certificates of Guaranteed Value ("Certificates") of AXA. Each UAP shareholder that tendered UAP Shares in the Exchange Offer received two Shares and two Certificates for every five UAP Shares so tendered. On January 24, 1997, AXA acquired 91.37% of the outstanding UAP Shares. AXA-UAP currently intends to merge (the "Merger") with UAP at some future date in 1997. It is anticipated that approximately 11,706,826 additional Shares will be issued in connection with the Merger to UAP shareholders who did not tender UAP Shares in the Exchange Offer. If the Merger had been completed at March 1, 1997, Finaxa would have beneficially owned (directly and indirectly) approximately 21.7% of the Shares (representing approximately 32.0% of the voting power), and the Mutuelles AXA would have controlled (directly or indirectly through their interest in Finaxa) 25.1% of the issued ordinary shares (representing 36.8% of the voting power) of AXA-UAP.

On January 17, 1997, AXA announced its intention to redeem its outstanding 6% Bonds (the "Bonds"). Between February 14, 1997 and May 14, 1997, holders of the Bonds will have the option to convert each Bond into 5.15 Shares. On May 15, 1997, each Bond still outstanding will be redeemed into cash at FF 1,285 plus FF 9.29 accrued interest. Finaxa currently owns 418,118 Bonds which it intends to convert into 2,153,308 Shares. Assuming all outstanding Bonds are converted into Shares and after giving effect to the Merger as if it had been completed at March 1, 1997, Finaxa would have beneficially owned (directly and indirectly) approximately 21.4% of the Shares (representing 31.3% of the voting power), and the Mutuelles AXA would have controlled (directly or indirectly through their interest in Finaxa) 24.7% of the issued ordinary shares (representing 36.0% of the voting power) of AXA-UAP.

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, endowment funds, 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, 1992	1993	1994	1995	1996
Separately Managed Accounts (1)	$ 69,354	$ 76,615	$ 81,030	$ 97,275	$119,507
Mutual Funds Management:					
Alliance Mutual Funds	15,588	22,045	20,736	23,462	28,302
The Hudson River Trust	5,484	7,171	8,360	11,964	16,392
Cash Management Services (2)	7,095	8,148	9,153	13,820	18,591
Total	$ 97,521	$113,979	$119,279	$146,521	$182,792

Revenues
(in thousands)

	Years Ended December 31, 1992	1993	1994	1995	1996
Separately Managed Accounts (1)	$178,289	$190,921	$212,306	$231,924	$280,537
Mutual Funds Management:					
Alliance Mutual Funds	196,964	221,005	291,975	278,328	330,356
The Hudson River Trust (3)	13,941	18,090	22,045	29,119	42,380
Cash Management Services (2)	58,379	64,464	69,514	91,135	127,265
Other	5,698	5,037	5,112	8,749	7,979
Total	$453,271	$499,517	$600,952	$639,255	$788,517

(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.

SEPARATELY MANAGED ACCOUNTS

As of December 31, 1994, 1995 and 1996 separately managed accounts for institutional and high net-worth individuals (other than investment companies and deposit accounts) represented approximately 68%, 66% and 65%, respectively, of total assets under management by the Partnership. The fees earned from the management of these accounts represented approximately 35%, 36% and 36% of the Partnership's revenues for 1994, 1995 and 1996, respectively.

Separately Managed Accounts Assets Under Management

(in millions)

	December 31,				
	1992	1993	1994	1995	1996
Equity & Balanced:					
Domestic	$ 27,066	$ 29,382	$ 30,063	$ 42,332	$ 50,835
International & Global	2,313	2,913	3,828	3,854	3,533
Fixed Income:					
Domestic	26,419	28,596	31,470	32,553	36,042
International & Global	2,344	2,252	2,602	1,891	1,546
Passive:					
Domestic	9,688	11,240	9,645	12,787	15,478
International & Global	1,116	1,760	3,028	3,484	3,411
Asset Allocation:					
Domestic	408	472	394	374	457
International & Global	--	--	--	--	8,205
Total	$ 69,354	$ 76,615	$ 81,030	$ 97,275	$119,507

Revenues From Separately Managed Accounts Management

(in thousands)

	Years Ended December 31,				
	1992	1993	1994	1995	1996
Investment Services:					
Equity & Balanced:					
Domestic	$ 88,326	$ 95,245	$107,581	$131,792	$156,690
International & Global	6,945	7,166	10,867	10,373	9,848
Fixed Income:					
Domestic	64,277	66,131	70,217	67,102	65,449
International & Global	3,902	4,895	5,180	3,784	3,901
Passive:					
Domestic	4,342	6,220	6,016	5,919	8,015
International & Global	2,292	2,790	4,052	3,870	3,612
Asset Allocation:					
Domestic	1,102	1,274	1,064	1,010	821
International & Global	--	--	--	--	24,096
	171,186	183,721	204,977	223,850	272,432
Service and Other Fees	7,103	7,200	7,329	8,074	8,105
Total	$178,289	$190,921	$212,306	$231,924	$ 280,537

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, 1996 the Partnership's accounts were managed by 102 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 AND HEDGE FUNDS. The Partnership's equity and balanced accounts contributed approximately 20%, 22% and 21% of the Partnership's total revenues for 1994, 1995 and 1996, respectively. Assets under management relating to active equity and balanced accounts grew from approximately $30.1 billion as of December 31, 1991 to approximately $54.4 billion as of December 31, 1996.

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 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.

As of December 31, 1996 the Partnership managed hedge funds and separately managed accounts using similar strategies which had approximately $565 million in assets under management. The Partnership's hedge funds invest primarily in long positions in a limited number of fundamentally researched, high quality growth companies. The portfolios of the hedge funds consist of various types of securities (e.g. equities, convertible securities, warrants, options, futures and long term equity anticipation securities). The hedge funds engage in short sales in order to enhance overall performance. The hedge funds take short positions, including the purchase of put options on securities, market indices or futures. The hedge funds may employ the use of leverage through securities exposure and borrowings.

FIXED INCOME ACCOUNTS. The Partnership's fixed income accounts contributed approximately 13%, 11% and 9% of the Partnership's total revenues for 1994, 1995 and 1996, respectively. Assets under management relating to active fixed income accounts increased from approximately $29.0 billion as of December 31, 1991 to approximately $37.6 billion as of December 31, 1996.

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. The fixed income 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 $449 million under management as of December 31, 1996. As of that date Equitable and its insurance company subsidiaries had investments of approximately $145 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, 1996 these funds had net assets of approximately $196 million.

The Partnership 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, 1996 these funds had approximately $280 million under management. As of that date ECI and its insurance company subsidiaries had investments of approximately $247 million in these funds.

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 an index of small-capitalization stocks. In addition, 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. 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 four passive U.K. unit trusts which invest in small capitalization common stocks on a global basis. As of December 31, 1996 the Partnership managed approximately $18.9 billion in passive portfolios.

GLOBAL ASSET ALLOCATION. 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 were poor and Cursitor Alliance has experienced significant account terminations as a consequence thereof. As of December 31, 1996 Cursitor Alliance and its subsidiaries managed approximately $8.2 billion in global asset allocation portfolios and as of February 28, 1997 assets under management of Cursitor Alliance portfolios had decreased to less than $7 billion.

OTHER SERVICES. Subsidiaries of the Partnership maintain offices in London, England, Paris, France, Mumbai, India, Istanbul, Turkey, Tokyo, Japan, and Singapore which provide international and global investment management, research, marketing and advisory services to institutional and other clients and in Luxembourg, Sydney, Australia, Toronto, Canada, Sao Paolo, Brazil, and Bahrain which market investment management services.

CLIENTS

The approximately 1,550 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, endowment funds, foundations, foreign governments, multi-employer pension plans and financial and other institutions. Generally, the minimum size for a new separately managed account is $10 million.

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, 1996 these accounts, excluding investments made by these accounts in The Hudson River Trust (See "Individual Investor Services - The Hudson River Trust"), represented approximately 16% of total assets under management by the Partnership and approximately 7% of the Partnership's total revenues for 1996.

As of December 31, 1996 corporate employee benefit plan accounts represented approximately 15.5% 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 33.8% of total assets under management as of December 31, 1996.

The following table lists the Partnership's ten largest institutional clients, ranked in order of size of total assets under management as of December 31, 1996. 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
Ford Motor Company	Equity, Venture Capital
Boeing Company	Equity, Balanced
BellSouth Corporation	Passive Equity
New York State Common Retirement System	Equity
New York State Teacher's Retirement System	Passive Equity, Equity
Wyoming Retirement System	Equity

These institutional clients accounted for approximately 29% of the Partnership's total assets under management at December 31, 1996 and approximately 11% of the Partnership's total revenues for the year ended December 31, 1996 (38% 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, 1996. The general and separate accounts of Equitable and its insurance company subsidiaries accounted for approximately 16% of the Partnership's total assets under management at December 31, 1996 and approximately 7% of the Partnership's total revenues for the year ended December 31, 1996 (25% and 12%, 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 4% of assets under management, the Partnership charges performance-based fees, which consist of a relatively low base fee plus an additional fee based on a percentage of assets 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 incentive 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.

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 the funding vehicle 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, 1996 amounted to approximately $63.3 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,				
	1992	1993	1994	1995	1996
Alliance Mutual Funds:					
Investment Services	$100,057	$109,692	$147,496	$147,407	$175,465
Distribution Plan Fees	78,455	89,253	117,509	105,405	126,930
Services and Other Fees	14,149	16,901	23,491	23,779	25,607
Underwriting Commissions	4,303	5,159	3,479	1,737	2,354
	196,964	221,005	291,975	278,328	330,356
The Hudson River Trust:					
Investment Services (1)	13,814	17,148	21,655	28,680	41,696
Services and Other Fees	127	942	390	366	500
Underwriting Commissions	--	--	--	73	184
	13,941	18,090	22,045	29,119	42,380
Cash Management Services:					
Investment Services (2)	36,788	40,202	42,018	56,642	74,441
Distribution Plan Fees	14,530	16,007	18,104	23,328	39,481
Services and Other Fees	6,721	7,890	9,383	11,165	13,343
Underwriting Commissions	340	365	9	--	--
	58,379	64,464	69,514	91,135	127,265
Total	$269,284	$303,559	$383,534	$398,582	$500,001

(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, 1996 net assets in the Alliance Mutual Funds totalled approximately $28.3 billion.

Type of Alliance Mutual Funds	Net Assets as of December 31, 1996 (in millions)
Open-End Funds:	
Equity and Balanced	$ 9,927.1
Taxable Fixed Income	6,028.4
Tax Exempt Fixed Income	2,352.8
Closed-End Funds	4,443.4
Offshore Funds (Open and Closed-End)	2,939.6
Wrap Fee Programs	1,932.8
Variable Product Series Funds	678.0
Total	$ 28,302.1

THE HUDSON RIVER TRUST

The Hudson River Trust is the funding vehicle for the variable annuity and variable life insurance products offered by Equitable and its insurance company subsidiaries. On December 31, 1996 the net assets of the portfolios of The Hudson River Trust were as follows:

	Net Assets as of December 31, 1996 (in millions)
Common Stock Portfolio	$ 6,626.6
Aggressive Stock Portfolio	3,865.9
Balanced Portfolio	1,637.9
Growth Investors Portfolio	1,302.1
Global Portfolio	997.3
Money Market Portfolio	466.6
Equity Index Fund	386.2
Conservative Investors Portfolio	282.5
Growth & Income Portfolio	232.1
High Yield Portfolio	199.9
Quality Bond Portfolio	155.0
International Portfolio	151.9
Intermediate Government Portfolio	88.3
Total	$ 16,392.3

DISTRIBUTION. The Alliance Mutual Funds are distributed to individual investors through broker-dealers, insurance sales representatives, banks 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 of 1940 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 54 sales representatives who devote their time exclusively to promoting the sale of Alliance Mutual Fund shares by financial intermediaries.

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.

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 ("Class A Shares"), (b) without a front-end sales charge but subject to a contingent deferred sales charge payable by shareholders ("CDSC") and higher distribution fees and transfer agent costs payable by the Alliance Mutual Funds ("Class B Shares"), (c) without a front-end sales charge and, if the shares are held for at least one year, CDSC but with higher distribution fees payable by the Alliance Mutual Funds ("Class C Shares"), or (d) without a front-end sales charge, CDSC or ongoing distribution fees payable by the Alliance Mutual Funds ("Advisor Class Shares"). If a shareholder purchases Class A 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 Class B Shares or Class C 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 1996 in connection with the sale of Class B Shares and Class C Shares under the System, net of CDSC received, totalled approximately $78.7 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 Class B Shares and the Class C Shares over periods not exceeding 5 1/2 years and one year, respectively. If a shareholder purchases Advisor Class Shares AFD does not collect a front-end sales charge or CDSC and the financial intermediary does not receive compensation from AFD.

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 1996 the ten financial intermediaries responsible for the largest volume of sales of Alliance Mutual Funds were responsible for 69% 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 Alliance Mutual Fund sales (15% in 1996). 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 30%, 19% and 17% of Alliance Mutual Fund sales in 1994, 1995 and 1996, respectively. Smith Barney Inc. ("Smith Barney") was responsible for approximately 10% of Alliance Mutual Fund sales in 1995 and 1996. 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.

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 1.12% of total industry assets and the Partnership accounted for .67% of total open-end and closed-end fund sales force-derived industry sales in the U.S. during 1996. 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 1996 banks and their affiliates accounted for approximately 6% of the sales of shares of open-end Alliance Mutual Funds.

INVESTMENT MANAGEMENT AGREEMENTS AND FEES. 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 advisory 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 .97% to 5.88%. 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. The Partnership does not expect, however, that state expense or voluntary limits, at current fee and expense levels, will have a significant effect on the results of its operations.

CASH MANAGEMENT SERVICES

The Partnership provides cash management services to individual investors through a product line comprising eighteen money market fund portfolios and five types of brokered money market deposit accounts. Net assets in these products as of December 31, 1996 totalled approximately $18.6 billion.

	Net Assets as of December 31, 1996 (in millions)
Money Market Funds:	
Alliance Capital Reserves (two portfolios)	$ 6,536.1
Alliance Government Reserves (two portfolios). . .	4,443.0
Alliance Municipal Trust (seven portfolios). . . .	2,382.0
Alliance Money Market Fund (three portfolios). . .	2,959.5
ACM Institutional Reserves (four portfolios) . . .	1,426.1
Money Market Deposit Accounts (five products)	843.9
Total	$18,590.6

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, 1996 more than 98% 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, 1996 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 1996), has increased from 1.10% of total money market fund industry assets at the end of 1991 to 1.99% at December 31, 1996.

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 1996 such supplemental payments totalled $44.4 million ($35.6 million in 1995). 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, 1996 the five largest participating financial intermediaries were responsible for assets aggregating approximately $9.4 billion, or 50.4% of the cash management services total. Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ Securities Corporation"), a subsidiary of ECI, was one of these intermediaries and was responsible for assets aggregating approximately $1.5 billion or 8.1% 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 DLJ Securities Corporation. Pursuant to an agreement between Pershing and the Partnership, Pershing recommends to certain of its correspondent firms the use of the Partnership's money market funds and other cash management products. In return, Pershing is paid a portion of the revenues derived by the Partnership from sales through such Pershing correspondents. During 1996 these payments to Pershing amounted to approximately $5.6 million. As of December 31, 1996 DLJ Securities Corporation and these Pershing correspondents were responsible for approximately 49% 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, 1996 AFS employed 243 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 $8.3 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, 1996 ACMFS employed 8 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.

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 May, 1996 the Partnership was ranked 11th out of 250 managers based on tax-exempt assets under management, 5th out of the 25 largest managers of international index assets, 8th out of the 25 largest managers of domestic equity index funds and 13th 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 ($3.6 million at December 31, 1996) imposed by the SEC on registered broker-dealers and had aggregate regulatory net capital of $10.5 million at December 31, 1996.

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, 1996 the Partnership and its subsidiaries employed 1,495 employees, including 194 investment professionals, of whom

102 are portfolio managers, 83 are research analysts, and 9 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 22,800 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 114,000 square feet of space in Secaucus, New Jersey pursuant to a lease which extends until 2016. The Partnership leases substantially all of the furniture and office equipment at the New York City and New Jersey offices.

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, Sao Paolo, Brazil, and Istanbul, Turkey.

ITEM 3. LEGAL PROCEEDINGS

On July 25, 1995 a Consolidated and Supplemental Class Action Complaint ("Complaint") entitled IN RE ALLIANCE NORTH AMERICAN GOVERNMENT INCOME TRUST, INC. SECURITIES LITIGATION was filed in the United States District Court for the Southern District of New York against the Alliance North American Government Income Trust, Inc. ("Fund"), the Partnership, Alliance, AFD, ECI, certain officers of the Fund, certain directors of the Fund, certain officers and certain directors of Alliance 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 sought certification of a plaintiff class of all persons who purchased or owned Class A, B or C shares of the Fund from March 27, 1992 through December 23, 1994. While the Complaint sought an unspecified amount of damages, costs, attorneys' fees and punitive damages, it contains an allegation that the Fund's losses exceeded $750 million.

The principal allegations of the Complaint are that the Fund purchased debt securities issued by the Mexican and Argentine governments in amounts that were not permitted by the Fund's investment policies and objective, and that there was no shareholder vote to change the investment objective to permit purchases in such amounts. The Complaint further alleges 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 Court granted the defendants' motion to dismiss all counts of the Complaint. On October 11, 1996, plaintiffs filed a motion for reconsideration of the Court's decision granting defendants' motion to dismiss the Complaint. On November 25, 1996, the Court denied plaintiffs' motion for reconsideration.

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 the Fund did not properly disclose the risks of its investments in mortgage-backed derivative securities and that two advertisements used by the Fund misrepresented the risks of the Fund. Plaintiffs also reiterated their allegations that the Fund failed to hedge against the risks of investing in Mexican and Argentine securities. The defendants have filed papers in opposition to plaintiffs' motion for leave to file the proposed amended complaint, and that motion is currently pending with the Court.

The Partnership believes that the allegations in the Complaint and the proposed 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

No matter was submitted to a vote of security holders during the fourth quarter of 1996.

PART II

ITEM 5. MARKET FOR THE 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:

1995	High	Low
First Quarter	19 1/8	15 3/8
Second Quarter	20 1/8	17 1/8
Third Quarter	20 1/2	17 1/2
Fourth Quarter	23 1/4	19 1/4

1996	High	Low
First Quarter	25 3/4	21 3/8
Second Quarter	25 3/8	23
Third Quarter	26 1/8	22 7/8
Fourth Quarter	29 1/4	25

On February 28, 1997 the closing price of the Units on the NYSE was $28.00. As of February 28, 1997 there were approximately 1,680 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 1995 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	$ 0.41	May 22, 1995
Second Quarter	0.43	August 10, 1995
Third Quarter	0.48	November 13, 1995
Fourth Quarter	0.50	February 23, 1996
	$ 1.82	

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	$ 0.52	May 28, 1996
Second Quarter	0.53	August 22, 1996
Third Quarter	0.55	November 18, 1996
Fourth Quarter	0.59	March 4, 1997
	$ 2.19	

ITEM 6. SELECTED FINANCIAL DATA

The Selected Consolidated Financial Data which appears on page 43 of the Alliance Capital Management L.P. 1996 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 44 through 52 of the Alliance Capital Management L.P. 1996 Annual Report to Unitholders is incorporated by reference in this Annual Report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of Alliance Capital Management L.P. and subsidiaries and the report thereon by KPMG Peat Marwick LLP which appear on pages 53 through 69 of the Alliance Capital Management L.P. 1996 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 1996 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	64	Chairman of the Board,Chief Executive Officer and Director
Luis Javier Bastida	51	Director
Claude Bebear	61	Director
James M. Benson	50	Director
Bruce W. Calvert	50	Director, Vice Chairman and Chief Investment Officer
John D. Carifa	52	Director, President and Chief Operating Officer

Henri de Castries	42	Director
Kevin C. Dolan	43	Director
Denis Duverne	44	Director
Alfred Harrison	59	Director and Vice Chairman
Jean-Pierre Hellebuyck	49	Director
Benjamin D. Holloway	72	Director
Joseph J. Melone	65	Director
Peter D. Noris	41	Director
Frank Savage	58	Director
Jerry M. de St. Paer	55	Director
Madelon DeVoe Talley	65	Director
Reba W. Williams	60	Director
Robert B. Zoellick	43	Director
David R. Brewer, Jr.	51	Senior Vice President and General Counsel
Robert H. Joseph, Jr.	49	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-UAP. AXA-UAP, 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. He is also a director of several subsidiaries of BBV.

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-UAP. 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 Equitable Real Estate Investment Management, Inc. ("Equitable Real Estate"), Saint-Gobain, Havas S.A., Schneider S.A., L.V.M.H. and serves as a member of the Supervisory Board of Compagnie Financiere de Paribas. Mr. Bebear has been a Director of ECI since May 1992 and a Director of Equitable since July 1991. He was elected non-executive Chairman of ECI on February 14, 1996. AXA-UAP, Equitable and ECI are parents of the Partnership.

Mr. Benson was elected a Director of Alliance in October 1993. He was elected Chief Executive Officer of Equitable and Chief Operating Officer of ECI on February 14, 1996. He is Senior Executive Vice President of ECI and has been President of Equitable since February 1994. In January 1997, Mr. Benson was elected Senior Executive Vice President of AXA-UAP. Mr. Benson was Chief Operating Officer of Equitable from February 1994 until February 14, 1996. He was a Senior Executive Vice President of Equitable from April 1993 until February 1994. From January 1984 to April of 1993 he was President of the New York office of Management Compensation Group. Mr. Benson is also a Director of ECI and Equitable. AXA-UAP, ECI and Equitable are parents 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-UAP 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, Donaldson Lufkin & Jenrette, Inc. ("DLJ") and Equitable Real Estate. Mr. de Castries was elected non-executive Vice Chairman of ECI on February 14, 1996. AXA-UAP, ECI and Equitable are parents of the Partnership. DLJ and Equitable Real Estate are subsidiaries of ECI.

Mr. Dolan was elected a Director of Alliance in May 1995. He is Chief Executive Officer of AXA Asset Management (France), a subsidiary of AXA-UAP. Mr. Dolan has been with AXA-UAP since 1993. From 1983 to 1993 Mr. Dolan was Deputy General Manager of BFCE. AXA-UAP 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-UAP 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 Financiere IBI from 1991 to 1992. Mr. Duverne worked for the French Ministry of Finance serving as Deputy Assistant Secretary for Tax Policy from 1988 to 1991 and director of the Corporate Taxes Department from 1986 to 1988. He is also a Director of various subsidiaries of the AXA Group. Mr. Duverne is also a Director of DLJ and Equitable Real Estate. AXA-UAP is a parent of the Partnership. DLJ and Equitable Real Estate 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 a Director from 1978 to 1987 and from February 23, 1988 until July 27, 1988. He was elected a Director of Alliance in 1992.

Mr. Hellebuyck was elected a Director of Alliance in October 1992. He is the Chairman of AXA Asset Management (Europe). Mr. Hellebuyck is also a Director of various subsidiaries of AXA-UAP and Societe Des Bourses Francaises. AXA-UAP 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 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 and has been Chairman of Equitable since February 1994. 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, AXA Equity & Law Life Assurance Society plc, Equitable Real Estate, AT&T Capital Corporation and Foster Wheeler Corporation. AXA-UAP, 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. Mr. Noris is also a Director of Equitable Real Estate. 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 Incorporated.

Mr. de St. Paer was elected a Director of Alliance in June 1994. He has been Senior Executive Vice President and Chief Financial Officer of ECI since May 1996 and prior thereto was Executive Vice President and Chief Financial Officer of Equitable since May 1992. Mr. de St. Paer has also served Equitable as Senior Vice President and Treasurer from June to December 1990 and Vice President from March 1988 to June 1990. In addition, he is a Director of Equitable Real Estate, DLJ, National Mutual Asia Limited, Nicos Seimei Hoken and Economic Sciences Corporation, and a member of the Advisory Boards of Directors of Peter Wodtke (UK) and (US). ECI and Equitable are parents of the Partnership.

Ms. Talley was elected a Director of Alliance in October 1993. She was with Melhado Flynn from January 1987 to December 1989. Ms. Talley, a former Governor of the National Association of Securities Dealers (1993-1996), is currently a Commissioner of the Port Authority of New York State and New Jersey. She is also a Vice Chairman of the Board of W.P. Carey & Co. as well as a trustee of Smith Barney's TRAK and Equity & Income Funds. In addition she serves as Director of Corporate Property Associates, Series 10-1 W.P. Carey Real Estate Limited Partnerships, Schroeders Asian Growth Fund, the New York State Common Retirement Fund and Global Asset Management Funds, Inc.

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 an Executive Vice President of Federal National Mortgage Association and is its principal legal officer and the executive in charge of affordable housing programs. 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 lead U.S. official in the process of German unification and was also 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, Said Holdings, the German Marshall Fund, the European Institute, the National Bureau of Asian Research, the Overseas Development Council, and the Congressional Institute. Mr. Zoellick also serves on the boards of directors of several non-profit entities including the Council on Foreign Relations of the American Institute for contemporary German Studies.

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 Ms. Talley. 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 1996.

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 Ms. Talley, is responsible for granting options under the Partnership's Unit Option Plan and 1993 Unit Option 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 and Unit Option and Unit Bonus 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, de Castries, Dolan, Duverne, Hellebuyck, Holloway and Zoellick and Ms. Talley 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, 1996 all Section 16(a) filing requirements applicable to its executive officers, directors and 10% beneficial owners were complied with.

ITEM 11. EXECUTIVE COMPENSATION

The following Summary Compensation Table sets forth all plan and non-plan compensation awarded to, earned by or paid to the Chairman of the Board and each of the four most highly compensated executive officers of the General Partner at the end of 1996 ("Named Executive Officers"):

	Annual Compensation				Long Term Compensation			
					Awards		Payouts	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Name and Principal Position	Year	Salary($)	Bonus($)	Other Annual Compen-sation ($)(1)	Restricted Stock Award(s) ($)	Options/ (#Units)	LTIP Payouts ($)(2)	All Other Compen-sation ($)(3)
Dave H. Williams	1996	$263,443	$4,000,000	$ ----	$-	0	$ 0	$267,568
Chairman & Chief	1995	225,000	1,000,000	62,595	0	0	0	213,689
Executive Officer	1994	225,000	1,500,000	170,352	0	0	0	68,322
John D. Carifa	1996	238,461	3,000,000	54,752	0	0	0	426,398
President & Chief	1995	200,000	1,000,000	74,822	0	175,000	0	135,191
Operating Office	1994	200,000	1,500,000	75,927	0	200,000	76,250	4,043,576
Bruce W. Calvert	1996	238,461	3,000,000	----	0	0	0	425,101
Vice Chairman &	1995	200,000	1,000,000	----	0	150,000	0	138,048
Chief Investment Officer	1994	200,000	1,500,000	----	0	200,000	76,149	4,038,491
Robert H. Joseph, Jr.	1996	157,692	385,000	----	0	10,000	0	61,434
Senior Vice President	1995	150,000	312,500	----	0	30,000	0	24,066
& Chief Financial Officer	1994	147,461	290,000	682,195	0	20,000	0	23,685
David R. Brewer, Jr.	1996	146,538	395,750	----	0	10,000	0	62,108
Senior Vice President	1995	132,692	272,250	136,788	0	20,000	0	22,496
& General Counsel	1994	125,000	249,250	----	0	10,000	0	20,316

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

Column (e) for 1994 includes for (i) Messrs. Williams and Carifa, among other perquisites and personal benefits, $122,943 and $19,282, respectively, representing interest rate subsidies equal to 3% per annum of the outstanding balances of personal loans obtained by Messrs. Williams and 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 (ii) Mr. Joseph, among other perquisites and personal benefits, $677,563 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 (h) includes cash distributions paid in 1994 from Available Cash Flow of the Partnership on unvested Units acquired in 1988 and payments in cash of all or a portion of account balances under the Partners Plan, as provided by the terms of that plan (See "Employee Benefit Plans - Partners Plan"), including earnings included in column (i).

(3) Column (i) includes award amounts vested and earnings credited in 1996 in respect of the Alliance Partners Compensation Plan. Column (i) does not include any amounts in respect of awards made in 1996 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 1996 (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	$ 13,557	$ 42,336	$ 184,634	$ 15,525	$ 11,516	$ 267,568
John D. Carifa	5,301	24,911	369,266	22,500	4,420	426,398
Bruce W. Calvert	4,676	25,989	369,266	22,500	2,670	425,101
Robert H. Joseph, Jr.	0	0	36,926	22,500	2,008	61,434
David R. Brewer, Jr.	0	0	36,926	21,981	3,201	62,108

OPTION GRANTS IN 1996

The table below shows information regarding grants of options made to the Named Executive Officers under the Partnership's Unit Option Plan and 1993 Unit Option Plan during 1996. 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 $43.40 and $68.96, respectively. The amounts shown as potential realizable values for all Unitholders represent the corresponding increases in the market value of 83,336,109 outstanding Units held by all Unitholders as of December 31, 1996, which would total approximately $1.4 billion and $3.6 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 1996 Individual Grants (1)				Potential Realizable Value at Assumed Annual Rates of Unit Price Appreciation for Option Term	
Name	Number of Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year (2)	Exercise Price ($/Unit)	Expiration Date	5% ($)	10% ($)
Dave H. Williams	0	N/A	N/A	N/A	N/A	N/A
John D. Carifa	0	N/A	N/A	N/A	N/A	N/A
Bruce W. Calvert	0	N/A	N/A	N/A	N/A	N/A
Robert H. Joseph, Jr.	10,000	N/A	25.125	12/16/06	178,000	466,000
David R. Brewer, Jr.	10,000	N/A	25.125	12/16/06	178,000	466,000

(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) 725,000 Units were subject to outstanding option grants.

Aggregated Option Exercises in 1996 and 1996 Year-End Option Values

The following table summarizes for each of the Named Executive Officers the number of options exercised during 1996, the aggregate dollar value realized upon exercise, the total number of Units subject to unexercised options held at December 31, 1996, and the aggregate dollar value of in-the-money, unexercised options held at December 31, 1996. 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, 1996, which was $26.625 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 1996
and December 31, 1996 Option Values

Name	Options Exercised (# Units)	Value Realized ($)	Number of Units Underlying Unexercised Options at December 31, 1996		Value of Unexercised, In-the-Money Options at December 31, 1996 ($)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Dave H. Williams	0	N/A	0	0	0	0
John D. Carifa	0	N/A	115,000	260,000	801,875	1,857,500
Bruce W. Calvert	0	N/A	110,000	240,000	765,625	1,712,500
Robert H. Joseph, Jr.	0	N/A	37,000	48,000	430,750	268,375
David R. Brewer, Jr.	0	N/A	68,000	34,000	1,036,250	169,875

(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 the transfer of ACMC's business to the Partnership on April 21, 1988 Messrs. Carifa and Calvert entered into employment agreements with the Partnership. Each of these agreements provided for a base salary and bonus eligibility. These agreements expired on December 31, 1996.

The employment agreements provided for discretionary bonus eligibility. Bonus amounts are fixed by the Board Compensation Committee after receiving recommendations from the Management Compensation Committee. The aggregate amount available for bonuses and contributions and awards under various employee plans to all employees is based on the annual adjusted consolidated net operating earnings of the Partnership.

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 Ms. Talley 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 1996 and "Aggregated Option Exercises in 1996 and 1996 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 1996" and "Aggregated Option Exercises in 1996 and 1996 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 1996 vested contributions to the plan for the accounts of Messrs. Williams, Carifa, Calvert, Joseph and Brewer were $15,525, $22,500, $22,500, $22,500 and $21,981, 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	$ 19,643	$ 26,190	$ 32,738	$ 39,286	$ 45,833	$ 50,833	$ 55,833
150,000	30,893	41,190	51,488	61,786	72,083	79,583	87,083
200,000	42,143	56,190	70,238	84,286	98,333	100,000	100,000
250,000	53,393	71,190	88,988	100,000	100,000	100,000	100,000
300,000	64,643	86,190	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 1996 is $150,000, $150,000, $150,000, $150,000 and $135,000, 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 200,000 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 1996 under the Partners Compensation Plan was $12,350,000 and for 1997 and subsequent years the Partnership may award 4.5% and 5%, respectively, of operating revenues less operating expenses under the Partners Compensation Plan. Messrs. Carifa, Calvert, Joseph and Brewer were granted awards of $1,000,000, $1,000,000, $250,000 and $250,000, respectively, under the Partners Compensation Plan for 1996. 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 1996 for the accounts of Messrs. Williams, Carifa and Calvert was $13,557, $5,301, and $4,676, 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 1996.

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 1996 for the accounts of Messrs. Williams, Carifa and Calvert were $42,336, $24,911 and $25,989, 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 1996 to a subsequent year for the Named Executive Officers. During 1996 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 Schedule 13D dated October 22, 1996, filed with the SEC by AXA-UAP 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-UAP (1)(2)(3) 9 Place Vendome, 75001 Paris, France	48,089,183 (4)	57.9%
ECI (3) 787 Seventh Avenue New York, New York 10019	48,089,183 (4)	57.9%

(1) For insurance regulatory purposes the shares of capital stock of ECI beneficially owned by AXA-UAP 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 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-UAP, but with a view to ensuring that certain minority shareholders of AXA-UAP do not exercise control over ECI or certain of its insurance subsidiaries. See "Item 1. Business-General".

(2) The Voting Trustees may be deemed to be beneficial owners of all Units beneficially owned by AXA-UAP 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-UAP and its subsidiaries. By virtue of the provisions of the Voting Trust Agreement, AXA-UAP may be deemed to have shared voting power with respect to the Units. AXA-UAP 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-UAP, the Mutuelles AXA as a group and Finaxa may be deemed to share the power to vote or to direct the vote and to dispose or to direct the disposition of all the Units beneficially owned by AXA-UAP and its subsidiaries. The address of each of AXA-UAP 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 I.A.R.D. Mutuelle and AXA Assurances Vie Mutuelle is 21 rue de Chateaudun, 75009 Paris, France; the address of Alpha Assurances Vie Mutuelle is Tour Franklin, 100/101 Terrasse Boidlieu, Cedex 11, 92042 Paris La Defense, France; and the address of AXA Courtage Assurance Mutuelle is 26 rue Louis-le Grand, 75002 Paris, France. The address of Paribas is 3 Rue d'Antin, Paris, France. See "Item 1. Business-General".

(3) By reason of their relationship, AXA-UAP, the Voting Trustees, ECI, Equitable, 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 the 48,089,183 Units. See "Item 1. Business - General".

(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, 1997, 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)	1,044,456	1.3%
Luis Javier Bastida	0	*
Claude Bebear (1)	0	*
James M. Benson (1)	0	*
Bruce W. Calvert (3)	754,500	*
John D. Carifa (4)	952,568	1.1%
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	*
Peter D. Noris (1)	1,000	*
Frank Savage	50,000	*
Jerry M. de St. Paer (1)	500	*
Madelon DeVoe Talley	0	*
Reba W. Williams (5)	1,044,456	*
Robert B. Zoellick	0	*
David R. Brewer, Jr. (6)	115,154	*
Robert H. Joseph, Jr. (7)	51,000	*
All Directors and executive officers of the General Partner as a Group (21 persons)(8)	3,345,388	4.0%

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

(1) Excludes Units beneficially owned by AXA-UAP and ECI. Messrs. Williams, Bebear, Benson, de Castries, Dolan, Duverne, Hellebuyck, Melone, Noris and de St. Paer are directors and/or officers of AXA-UAP, ECI and/or Equitable.

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

(3) Includes 135,000 Units which may be acquired within 60 days under the Partnership's 1993 Unit Option Plan.

(4) Includes 145,000 Units which may be acquired within 60 days under the Partnership's 1993 Unit Option Plan.

(5) Includes 964,456 Units owned by Mr. Dave H. Williams.

(6) Includes 70,000 Units which may be acquired within 60 days under the Partnership's Unit Option Plan and 1993 Unit Option Plan.

(7) Includes 41,000 Units which may be acquired within 60 days under the Partnership's Unit Option Plan and 1993 Unit Option Plan.

(8) Includes 391,000 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, 1997, 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 Units and Nature of Beneficial Ownership	Percent of Class
Dave H. Williams (1)(2)	60,000	*
Luis Javier Bastida	0	*
Claude Bebear (2)	0	*
James M. Benson (2)(3)	180,833	*
Bruce W. Calvert (4)	30,000	*
John D. Carifa (5)	30,000	*
Henri de Castries (2)	0	*
Kevin C. Dolan (2)	0	*
Denis Duverne (2)	0	*
Alfred Harrison	0	*
Jean-Pierre Hellebuyck (2)	0	*
Benjamin D. Holloway	108	*
Joseph J. Melone (2)(6)	260,186	*
Peter D. Noris (7)	20,000	*
Frank Savage	136	*
Jerry M. de St. Paer (8)	80,000	*
Madelon DeVoe Talley	0	*
Reba W. Williams (1)	60,000	*
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) (9)	661,263	*

* Number of shares listed represents less than one percent (1%) of the number of shares of Common Stock outstanding.

(1) Represents 60,000 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-UAP. Messrs. Williams, Bebear, Benson, de Castries, Dolan, Duverne, Hellebuyck and Melone are officers of AXA-UAP.

(3) Includes 10,000 shares owned jointly by Mr. Benson and his spouse, Marlene J. Benson, and 209 shares owned in the aggregate by Mr. Benson's two minor children. Includes 170,000 shares subject to options held by Mr. Benson, which options Mr. Benson has the right to exercise within 60 days.

(4) Represents 30,000 shares subject to options held by Mr. Calvert, which options Mr. Calvert has the right to exercise within 60 days.

(5) Represents 30,000 shares subject to options held by Mr. Carifa, which options Mr. Carifa has the right to exercise within 60 days.

(6) Includes 250,000 shares subject to options held by Mr. Melone, which options Mr. Melone has the right to exercise within 60 days.

(7) Represents 20,000 shares subject to options held by Mr. Noris, which options Mr. Noris has the right to exercise within 60 days.

(8) Represents 80,000 shares subject to options held by Mr. de St. Paer, which options Mr. de St. Paer has the right to exercise within 60 days.
(9) Represents 640,000 shares subject to options, which options my be exercised within 60 days.

AXA Common Stock

Name of Beneficial Owner	Number of Units and Nature of Beneficial Ownership	Percent of Class
Dave H. Williams	0	*
Luis Javier Bastida	0	*
Claude Bebear (1)	1,274,397	*
James M. Benson	1,000	*
Bruce W. Calvert	0	*
John D. Carifa	500	*
Henri de Castries (2)	33,188	*
Kevin C. Dolan (3)	9,561	*
Denis Duverne	1,000	*
Alfred Harrison	0	*
Jean-Pierre Hellebuyck (4)	22,532	*
Benjamin D. Holloway	0	*
Joseph J. Melone	1,000	*
Peter D. Noris	500	*
Frank Savage	0	*
Jerry M. de St. Paer	0	*
Madelon DeVoe Talley	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) (5)	1,343,678	*

* Number of shares listed represents less than one percent (1%) of the outstanding AXA-UAP common stock.
(1) Includes 22 shares owned by Mr. Bebear's wife, and 1,169,733 shares subject to options held by Mr. Bebear, which options Mr. Bebear has the right to exercise within 60 days.
(2) Includes 32,188 shares subject to options held by Mr. de Castries, which options Mr. de Castries has the right to exercise within 60 days.
(3) Includes 8,370 shares subject to options held by Mr. Dolan, which options Mr. Dolan has the right to exercise within 60 days.
(4) Includes 16,738 shares subject to options held by Mr. Hellebuyck, which options Mr. Hellebuyck has the right to exercise within 60 days.
(5) Includes 1,227,029 shares subject to options, which options may be exercised within 60 days.

Finaxa Common Stock

Name of Beneficial Owner	Number of Units and Nature of Beneficial Ownership	Percent of Class
Dave H. Williams	0	*
Luis Javier Bastida	0	*
Claude Bebear (1)	466,670	*
James M. Benson	0	*
Bruce W. Calvert	0	*
John D. Carifa	0	*
Henri de Castries(2)	65,000	*
Kevin C. Dolan	0	*
Denis Duverne	0	*
Alfred Harrison	0	*
Jean-Pierre Hellebuyck	0	*
Benjamin D. Holloway	0	*
Joseph J. Melone	0	*
Peter D. Noris	0	*
Frank Savage	0	*
Jerry M. de St. Paer	0	*
Madelon DeVoe Talley	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)	531,670	*

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

(1) Includes 424,413 shares owned by Clauvalor, a French company controlled by Mr. Bebear, and 42,250 shares subject to options held by Mr. Bebear, which options Mr. Bebear has the right to exercise within 60 days.

(2) Represents 65,000 shares subject to options held by Mr. de Castries, which options Mr. de Castries has the right to exercise within 60 days.

(3) Includes 107,250 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-UAP, 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-UAP, 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-UAP, 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 1996 the Partnership received approximately $56.8 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 1996 the Partnership received approximately $8.1 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 1996 the Partnership paid approximately $1.3 million to Equitable for these services.

During 1996 the Partnership paid Equitable approximately $18.2 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 1996 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 $357,000 for 1996.

The Partnership provides investment management services to certain employee benefit plans of Equitable and DLJ. Advisory fees from these accounts totalled approximately $4.5 million for 1996 including $2.0 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-UAP 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-UAP, and various of its subsidiaries (collectively, the "NMH Group"). The NMH Group paid $1.6 million in advisory fees to the Partnership in 1996.

Equico was the Partnership's second largest distributor of U.S. Funds in 1996 for which it received sales concessions from the Partnership on sales of $679 million. In 1996 Equico also distributed certain of the Partnership's cash management products. Equico received distribution payments totalling $6.2 million in 1996 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 $24.3 million in 1996. 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 $33,000 for 1996. During 1996 the Partnership paid $600,000 to DLJ and its subsidiaries for all other services.

During 1996 the Partnership reimbursed Equitable in the amount of $3.7 million for rent and the use of certain services and facilities.

The Partnership provides investment management services to AXA Reinsurance Company, a subsidiary of AXA-UAP pursuant to a discretionary investment advisory agreement. AXA Reinsurance Company paid the Partnership approximately $552,000 during 1996 for such services. The Partnership provides investment management services to Abeille Reassurances, a subsidiary of AXA-UAP. Abeille Reassurances paid the Partnership approximately $11,000 during 1996 for such services.

OTHER TRANSACTIONS

During 1996 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 1996 was approximately $1,719,000 which represents the amount outstanding on March 31, 1996.

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 1996 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 40% and 85% of the carried interests or performance fees which aggregated approximately $9.2 million for 1996. Mr. Alfred Harrison, a Director and Vice Chairman of the General Partner, received $323,125 in 1996 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 1996 ACMC made capital contributions to the Partnership in the amount of $775,000 in respect of these obligations. ACMC's obligations to make these contributions are guaranteed by EIC subject to certain limitations. All tax deductions with respect to these obligations, to the extent funded by ACMC, Alliance or EIC, will be allocated to ACMC or Alliance.

ITEM 14.EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

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

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

(b) REPORTS ON FORM 8-K.

A report on Form 8-K dated October 7, 1996 was filed during the last quarter of 1996 reporting that the United States District Court for the Southern District of New York granted the Partnership's and other defendants' motion to dismiss all counts of the complaint for IN RE ALLIANCE NORTH AMERICAN GOVERNMENT INCOME TRUST, INC. SECURITIES LITIGATION.

(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 13.8, incorporated by reference herein:

Exhibit	Description
10.92	Unit Option Plan Agreement dated December 16, 1996 with Robert H. Joseph, Jr.
10.93	Unit Option Plan Agreement dated December 16, 1996 with David R. Brewer, Jr.
10.94	First Amendment to Revolving Credit Agreement dated March 11, 1997 among Alliance Capital Management L.P., the First National Bank of Boston and NationsBank N.A. (South)
10.95	Fourth Lease Modification dated June 18, 1996 by and between Hartz Mountain Development Corporation and Alliance Capital Management L.P.
10.96	Fifth Lease Modification dated July 18, 1996 by and between Hartz Mountain Development Corporation and Alliance Capital Management L.P.
13.8	Alliance Capital Management L.P. 1996 Annual Report to Unitholders
22.8	Subsidiaries of the Registrant
24.7	Consent of KPMG Peat Marwick LLP
25.68	Power of Attorney by Claude Bebear
25.69	Power of Attorney by Luis Javier Bastida
25.70	Power of Attorney by James M. Benson
25.71	Power of Attorney by Henri de Castries
25.72	Power of Attorney by Kevin C. Dolan
25.73	Power of Attorney by Jean-Pierre Hellebuyck
25.74	Power of Attorney by Benjamin D. Holloway
25.75	Power of Attorney by Denis Duverne
25.76	Power of Attorney by Joseph J. Melone
25.77	Power of Attorney by Peter D. Noris
25.78	Power of Attorney by Jerry M. de St. Paer
25.79	Power of Attorney by Madelon DeVoe Talley
25.80	Power of Attorney by Robert B. Zoellick
27.01	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 25, 1997

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 25, 1997

/s/John D. Carifa

John D. Carifa
President and Chief Operating Officer

Date: March 25, 1997

/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
*	*
James M. Benson Director	Peter D. Noris Director
/s/Bruce W. Calvert	/s/Frank Savage
Bruce W. Calvert Director	Frank Savage Director
/s/John D. Carifa	*
John D. Carifa Director	Jerry M. de St. Paer Director
*	*
Henri de Castries Director	Madelon DeVoe Talley Director
*	/s/Reba W. Williams
Kevin C. Dolan Director	Reba W. Williams Director
*	*
Denis Duverne Director	Robert B. Zoellick Director
/s/Alfred Harrison	*By/s/David R. Brewer, Jr.
Alfred Harrison Director	David R. Brewer, Jr. (Attorney-in-Fact)

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 16, 1996 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. 1993 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, 1997 or after December 16, 2006 (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

By /s/ Robert H. Joseph, Jr.

Robert H. Joseph, Jr.

EXHIBIT A TO UNIT OPTION PLAN AGREEMENT DATED DECEMBER 16, 1996
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 $25.125 per Unit.

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

1. December 16, 1997	20%
2. December 16, 1998	20%
3. December 16, 1999	20%
4. December 16, 2000	20%
5. December 16, 2001	20%

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 16, 1996 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. 1993 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, 1997 or after December 16, 2006 (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

By /s/ David R. Brewer, Jr.

David R. Brewer, Jr.

EXHIBIT A TO UNIT OPTION PLAN AGREEMENT DATED DECEMBER 16, 1996 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 $25.125 per Unit.

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

1.	December 16, 1997	20%
2.	December 16, 1998	20%
3.	December 16, 1999	20%
4.	December 16, 2000	20%
5.	December 16, 2001	20%

FIRST AMENDMENT
TO
REVOLVING CREDIT AGREEMENT

This FIRST AMENDMENT (the "Amendment"), dated as of March 11, 1997, is by and among ALLIANCE CAPITAL MANAGEMENT L.P. (the "Borrower"), the lenders listed on the signature pages hereto (the "Banks"), THE FIRST NATIONAL BANK OF BOSTON, as administrative agent for the Bank (the "Administrative Agent"), NATIONSBANK, N.A. (SOUTH), as syndication agent (the "Syndication Agent"), and THE FIRST NATIONAL BANK OF BOSTON and NATIONSBANK, N.A. (SOUTH), as co-agents for the Banks (the "Co-Agents").

WHEREAS, the Borrower, the Banks, the Administrative Agent, the Syndication Agent and the Co-Agents are parties to that certain Revolving Credit Agreement, dated as of February 23, 1996 (the "Credit Agreement"); and

WHEREAS, the Borrower, the Banks, the Administrative Agent, the Syndication Agent and the Co-Agents have agreed, subject to the terms and conditions set forth herein, to amend certain provisions of the Credit Agreement as set forth herein;

NOW, THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. CERTAIN DEFINED TERMS. Capitalized terms which are used herein without definition and which are defined in the Credit Agreement shall have the same meanings herein as in the Credit Agreement.

SECTION 2. AMENDMENT OF CREDIT AGREEMENT. Subject to Section 5 hereof, the Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Credit Agreement is hereby amended by deleting the terms "Judgment Notice", "Judgment Suspension Period", "Major Judgment" and "Put Notice" where they appear therein.

(b) Section 3.2.3 of the Credit Agreement is hereby amended by deleting such section in its entirety.

(c) Section 4.2(b) of the Credit Agreement is hereby amended by deleting therefrom the phrase "and Section 3.2.3".

(d) Section 12.1(c) of the Credit Agreement is hereby amended by deleting therefrom the phrase ", or the Borrower shall fail to make timely delivery of a Judgment Notice as required pursuant to Section 3.2.3".

(e) Section 13 of the Credit Agreement is hereby amended by deleting "3.2.3" where it appears in the twenty-second line thereof.

(f) Section 19 of the Credit Agreement is hereby amended by deleting the phrase "(x) the Borrower agrees that any Judgment Notice shall only be delivered by overnight courier, or by telecopy and confirmed by overnight courier, and (y)" from the last paragraph of such section.

SECTION 3. AFFIRMATION BY THE BORROWER. The Borrower hereby ratifies and confirms all of the Obligations, including, without limitation, the Revolving Credit Loans, and the Borrower hereby affirms its absolute and unconditional promise to pay to the Banks the Revolving Credit Loans and all other amounts due under the Credit Agreement as amended hereby.

SECTION 4. REPRESENTATIONS AND WARRANTIES. The Borrower hereby represents and warrants as follows:

(a) REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Borrower and its Subsidiaries contained in the Credit Agreement and the other Loan Documents were true and correct as of the date as of which they were made and, except with respect to the representation and warranty set forth in Section 6.5 of the Credit Agreement, are true and correct in all material respects on the date hereof (except (i) to the extent that such representations and warranties expressly relate to a prior date, in which case they were true and correct in all material respects as of such earlier date, and (ii) to the extent of changes resulting from transactions contemplated or permitted by the Credit Agreement and the other Loan Documents and changes occurring in the ordinary course of business that singly or in the aggregate are not materially adverse to the Borrower and its Consolidated Subsidiaries taken as a whole).

(b) ENFORCEABILITY. The execution and delivery by the Borrower of this Amendment and the performance by the Borrower of this Amendment and the Credit Agreement, as amended hereby, are within the partnership powers of the Borrower and have been duly authorized by all necessary partnership proceedings on the part of the Borrower. Each of the Amendment and the Credit Agreement, as amended hereby, are valid and legally binding obligations of the Borrower, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights in general and by general principles of equity, regardless of whether enforcement is sought in a Proceeding in equity or at law.

(c) NO DEFAULT. No Default or Event of Default has occurred and is continuing and neither the execution nor the delivery of this Amendment or the consummation of transactions contemplated hereby will result in a Default or an Event of Default.

SECTION 5. EFFECTIVENESS. This Amendment shall become effective upon satisfaction of each of the following conditions precedent:

(a) DELIVERY. The Borrower, each of the Banks, each of the Co-Agents, the Administrative Agent and the Syndication Agent shall have executed and delivered this Amendment.

(b) PROCEEDINGS AND DOCUMENTS. All proceedings in connection with the transactions contemplated by this Amendment and all documents incident hereto shall be satisfactory in form and substance to the Co-Agents, and the Co-Agents shall have received all information and such counterpart originals or certified or other copies of such documents as the Co-Agents may reasonably request.

SECTION 6. MISCELLANEOUS PROVISIONS. (a) Except as otherwise expressly provided by this Amendment, all of the terms, conditions and provisions of the Credit Agreement shall remain the same. It is declared and agreed by each of the parties hereto that the Credit Agreement, as amended hereby, shall continue in full force and effect, and that this Amendment and such Credit Agreement shall be read and construed as one instrument.

(b) This Amendment shall be construed according to and governed by the laws of the State of New York.

(c) This Amendment may be executed in any number of counterparts, but all such counterparts shall together constitute but one instrument. In making proof of this Amendment it shall not be necessary to produce or account for more than one counterpart signed by each party hereto by and against which enforcement hereof is sought.

(d) The Borrower hereby agrees to pay to the Administrative Agent, on demand by the Administrative Agent, all reasonable out-of-pocket costs and expenses incurred or sustained by the Administrative Agent in connection with the preparation of this Amendment and the documents referred to herein (including reasonable legal fees).

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

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

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

ADMINISTRATIVE AGENT: THE FIRST NATIONAL BANK OF BOSTON

By: /s/ Carol A. Clark
Name: Carol A. Clark
Title: Managing Director

SYNDICATION AGENT: NATIONSBANK, N.A. (SOUTH)

By: /s/ Ronald A. Blissett, Jr.
Name: Ronald A. Blissett, Jr.
Title: Officer

CO-AGENTS: THE FIRST NATIONAL BANK OF BOSTON

By: /s/ Carol A. Clark
Name: Carol A. Clark
Title: Managing Director

NATIONSBANK, N.A. (SOUTH)

By: /s/ Ronald A. Blissett, Jr.
Name: Ronald A. Blissett, Jr.
Title: Officer

BANKS: THE FIRST NATIONAL BANK OF BOSTON

By: /s/ Carol A. Clark
Name: Carol A. Clark
Title: Managing Director

NATIONSBANK, N.A. (SOUTH)

By: /s/ Ronald A. Blissett, Jr.
Name: Ronald A. Blissett, Jr.
Title: Officer

ABN AMRO BANK N.V.
New York Branch

By: /s/ Stella Milano
Name: Stella Milano
Title: Group Vice President

By: /s/ David Eastep
Name: David Eastep
Title: Assistant Vice President

THE BANK OF NEW YORK

By: /s/ Lee B Stephens
Name: Lee B. Stephens
Title: Vice President

THE CHASE MANHATTAN BANK AS SUCCESSOR
TO CHEMICAL BANK

By: /s/ Roger Parker
Name: Roger Parker
Title: Vice President

CITIBANK, N.A.

By: /s/ Yussur Abrar
Name: Yussur Abrar
Title: Vice President

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By: /s/ Ann E. Darby
Name: Ann E. Darby
Title: Vice President

FOURTH LEASE MODIFICATION AGREEMENT

THIS FOURTH LEASE MODIFICATION AGREEMENT, made this 18th day of June, 1996 by and between HARTZ MOUNTAIN DEVELOPMENT CORP., a New Jersey corporation, having an office at 400 Plaza Drive, Secaucus, New Jersey 07094 (hereinafter referred to as "Landlord") and ALLIANCE CAPITAL MANAGEMENT L.P., having an office at 500 Plaza Drive, Secaucus, New Jersey 07094 (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, by Agreement of Lease dated September 16, 1986, as amended December 9, 1986, May 23, 1994 and June 9,1994 (herein referred to collectively as the "Lease") , Landlord leased to Alliance Capital Management Corporation and Alliance Capital Management Corporation hired from Landlord approximately 67,392 square feet of Floor Space (the 'Original Demised Premises") located on the third (3rd) floor of the Building known as 500 Plaza Drive, Secaucus, New Jersey and an additional 11,992 square feet of Floor Space (the "Additional Premises") in other areas of the Building (the Original Demised Premises and the Additional Demised Premises, together with any other space leased pursuant to the terms hereof, shall collectively be referred to as the "Demised Premises"); and

WHEREAS, by Assignment of Lease dated April 29, 1988, Alliance Capital Management Corporation assigned the Lease to Tenant; and

WHEREAS, the Lease is currently scheduled to expire on October 31, 2002 (the "Old Expiration Date"); and

WHEREAS, Landlord and Tenant wish to extend the Term of the Lease, reduce the Floor Space of the Demised Premises and amend the Lease accordingly;

NOW, THEREFORE, for and in consideration of the Lease, the mutual covenants herein contained and the consideration set forth herein, the parties agree as follows:

1. A. EXTENDED PERIOD:. The Term of the Lease is hereby extended for a period of approximately fourteen years, from November 1, 2002 until December 31, 2016 (the "Expiration Date"), which period is hereinafter defined as the "Extended Period").

B. ADA COMPLIANCE: To the extent required by any governmental authority having jurisdiction over the Demised Premises, Landlord agrees to correct any violations of the American with Disabilities Act 42 USCA 12101-12213, to the extent any such violations arise out of conditions existing on the date hereof, provided that Landlord shall not be responsible for any violations having arisen as a result of changes to the Demised Premises performed by Tenant, nor shall Landlord be responsible hereunder with respect to the Additional Premises unless Tenant exercises its right to remain in occupancy thereof pursuant to Section 7.A. (6) and (7) hereof.

2. FIXED RENT: Fixed Rent during the period from and after June 16, 1997 shall be as follows: From June 16, 1997 until June 15, 2002, at an annual rate of Nineteen and 00/100 Dollars ($19.00) per square foot multiplied by the Floor Space of the Demised Premises; from June 16, 2002 until June 15, 2007, at an annual rate of Twenty-one and 00/100 Dollars ($21.00) per square foot multiplied by the Floor Space of the Demised Premises; from June 16, 2007 until June 15, 2012, at an annual rate of Twenty-four and 00/100 ($24.00) per square foot multiplied by the Floor Space of the Demised Premises; and from June 16, 2012 until the Expiration Date, at an annual rate of Twenty-eight and 00/100 ($28.00) per square foot multiplied by the Floor Space of the Demised Premises.

3. BASE YEAR: For purposes of calculating Real Estate Taxes and Operating Expenses on the Demised Premises during the period from and after June 16, 1997, the Base Year shall be the twelve

month period of June 16, 1997 through June 15, 1998.

4. SURRENDER: Tenant's leasing of the Additional Premises, which is referred to as Unit A and Unit B in the prior lease modifications, shall terminate on June 15, 1997, subject to Tenant's rights in Section 7 below. Tenant agrees to vacate and surrender the Additional Premises on or before June 15, 1997 in accordance with the surrender provisions of Article 26 of the Lease.

5. TENANTS FRACTION: Effective the later to occur of June 16, 1997 or the date Tenant surrenders the Additional Premises in accordance with the surrender provisions contained in Article 26 of the Lease, the Tenant's Fraction shall be reduced to 15.12% and Tenant shall cease paying Rent on the Additional Premises.

6. TENANT'S RIGHT TO CANCEL: Tenant shall have the right, upon written notice to Landlord (the "Termination Notice"), to terminate the leasing of all or any part of the Demised Premises without penalty, effective as of June 15, 2007 and/or June 15, 2012. Any such Termination Notice shall be given to Landlord not less than nine months prior to the date upon which such termination is to be effective and shall, notwithstanding the foregoing, be for not less than all of the space leased by Tenant on the floor(s) on which Tenant desires to exercise such right to cancel, provided that in the event Tenant desires to terminate its leasing of space which is separate from and not contiguous with other space on the same floor, Tenant may do so, provided it terminates all contiguous space.

7. EXPANSION OPTIONS:

A. Landlord agrees, subject to existing and future renewals or extensions of existing leases and the rights, if any, of the other, tenants in the Building, that Tenant shall have the right to lease any one or more of the following five locations in the Building upon and subject to the conditions contained below:

1. Approximately 22,700 square feet occupied by Reed Travel Group, located

on the second floor, with a termination date of March 31, 1997.

2. Approximately 7,000 square feet occupied by Dean Witter Reynolds on the second floor, with a termination date of April 30, 1998.

3. Approximately 10,000 square feet occupied by Scarinci Hollenbeck located on the second floor, with a termination date of April 30, 1999.

4. Approximately 9,400 square feet occupied by Rockwell International located on the second floor, with a termination date of July 31, 1999.

5. Approximately 38,000 square feet located on the seventh floor, now occupied by National Electric Information Corp. with a termination date of June 30, 1997.

6. Approximately 7,300 square feet occupied by Tenant located on the second floor, with a termination date of June 15, 1997.

7. Approximately 4,600 square feet occupied by Tenant located on the second floor, with a termination date of June 15, 1997.

For purposes hereof, including calculating Fixed Rent and Tenant's Fraction, all square footage shall be measured and determined in accordance with the terms of the Lease. Any failure on the part of Tenant to exercise any one of the options set forth above shall not prevent Tenant from exercising any of the subsequent options provided for above.

B. The leasing of such additional space shall be for a term co-terminus with the leasing of the Demised Premises. The Fixed Rent shall be at the same rate as the Fixed Rent on the Demised Premises. The Additional Charges and the Base Year utilized for calculating the Real Estate Taxes and Operating Expenses shall be the same as provided herein with respect to the Demised Premises. If Tenant shall notify Landlord in writing at least nine (9) months prior to the expiration date of the respective additional space referred to in subparagraph A hereof, of its election to lease the additional space, which election shall be irrevocable, then at the request of either Landlord or Tenant, both Landlord and Tenant shall promptly execute and deliver a modification of this Lease incorporating, the terms and conditions with respect to the leasing of the additional space.

C. Upon written request by Tenant, Landlord shall notify Tenant with respect to any changes in the availability dates of the above listed additional space. If Tenant shall fail to notify Landlord in writing of its election to lease such additional space, at least nine (9) months prior to the expiration date referred to in subparagraph A hereof, time being of the essence, then the rights granted to the Tenant as set forth in subparagraph A of this Section with respect to the additional space referred to shall automatically terminate and come to an end. If Tenant shall not elect to lease such additional premises within such time, Landlord may thereafter enter into a lease for such additional space free of the restrictions herein stated.

D. The rights so granted to Tenant shall (i) not be effective at any time Tenant is in default of the Lease beyond any applicable notice and cure periods; and (ii) terminate and become null and void upon the expiration or sooner termination of the Lease.

E. Notwithstanding anything to the contrary contained in the Lease (except as hereinafter provided in this subparagraph E), the additional space will be delivered in "as is" condition. Notwithstanding the foregoing or anything else to the contrary contained in the Lease, it shall be Landlord's obligation to assure compliance, to the extent necessary, with the provisions of the Americans with Disabilities Act as of the date of delivery to Tenant of such additional space.

8. SIGNAGE AND CARPETING: Notwithstanding anything contained herein to the contrary, Tenant shall be permitted, subject to Landlord's approval of a sign plan, which approval shall not be unreasonably withheld or delayed, to install a ground mounted sign at ground level in front of the Building, provided (i) it is consistent with the existing ground mounted signs; and (ii) it complies with all requirements of the Hackensack Meadowlands Development Commission and all Legal Requirements. Tenant shall also be permitted to install its logo and lettering on the wall in the common area on the second floor of the Building in the area adjacent to the Building directory, provided such logo and lettering is no greater in size than the Scarinci & Hollenbeck lettering on the first floor of the Building and otherwise conforms to the sign plan set forth in Exhibit A attached hereto. Tenant shall also be permitted to install new carpeting in the common area stairway between the second and third floors of the Building, subject to Landlord's prior approval of such carpeting, which approval shall not be unreasonably withheld or delayed. Landlord hereby approves of Bentley Grosvener, 54 oz., Sample C-3, 38.

9. RIGHT OF FIRST REFUSAL:

A. Landlord agrees that, at any time and from time to time during the term of the Lease prior to entering into any new lease for premises in the Building (other than extensions or renewals or expansions of existing leases) to an entity whose use of such space directly competes with Tenant, Landlord shall, provided Tenant is not then in default of this Lease beyond any applicable notice and cure periods, first notify Tenant in writing of its intention so to do, which notice shall set forth the rent, terms and other conditions upon which such lease is intended to be consummated ("Landlord's Notice"). Tenant shall have a period of five (5) business days following the giving of Landlord' s Notice to notify Landlord of its election to enter into a lease for such additional premises as tenant upon the rent, terms and conditions set forth in Landlord's Notice. If Tenant shall notify Landlord in writing of its election to enter into such lease as tenant for the additional premises within the said five (5) business day period, Landlord shall deliver and Tenant shall execute a modification of this lease incorporating the rent, terms and conditions as set forth in Landlord's Notice to Tenant with respect to the additional premises. Time is of the essence with respect to Tenant's exercise of its right of first refusal.

B. Subject to C. below, if Tenant shall fail to notify Landlord in writing of its election to enter into a modification to its lease incorporating the additional premises, within the five (5) business day period referred to in subsection (A) hereof, then the right of first refusal granted to the tenant as set forth in subsection (A) of this section with respect to the additional premises referred to in Landlord's notice, shall automatically terminate and come to and end.

C. If Tenant shall not elect to lease the additional premises referred to in Landlord's Notice within the five (5) business day period following Landlord's Notice then, Landlord may thereafter deliver the lease for such additional premises to the proposed tenant free of the restrictions herein stated, provided the rent in the lease to be executed is not less than ninety five (95%) percent of the rent set forth in the Landlord's Notice. If said rent is less than 95% of the rent set forth in the Landlord's Notice, then Landlord shall not lease such premises without first complying with the provisions of this Section 9.

D. This right of first refusal so granted to Tenant shall terminate and become null and void upon the expiration or sooner termination of this Lease.

10. FIRST FLOOR RIGHT OF FIRST REFUSAL:

A. Landlord agrees that, prior to entering into a lease for a replacement to the first floor office premises currently leased by Scarinci & Hollenbeck (other than extensions or renewals of the existing lease) Landlord shall, provided Tenant is not then in default of this Lease beyond any applicable notice and cure periods, first notify Tenant in writing of its intention so to do, which notice shall set forth the rent, terms and other conditions upon which such lease is intended to be consummated ("Landlord's Notice"). Tenant shall have a period of five (5) business days following the giving of Landlord's Notice to notify Landlord of its election to enter into a lease for such first floor premises as tenant upon the rent, terms and conditions set forth in Landlord's Notice. If Tenant shall notify Landlord in writing of its election to enter into such lease as tenant for the first floor premises within the said five (5) business day period, Landlord shall deliver and Tenant shall execute a modification of this lease incorporating the rent, terms and conditions as set forth in Landlord's Notice to Tenant with respect to the first floor premises. Time is of the essence with respect to Tenant's exercise of its right of first refusal.

B. Subject to C. below, if Tenant shall fail to notify Landlord in writing of its election to enter into a modification to its lease incorporating the first floor premises, within the five (5) business day period referred to in subsection (A) hereof, then the right of first refusal granted to the tenant as set forth in section (A) of this section with respect to the first floor premises referred to in Landlord's notice, shall automatically terminate and come to and end.

C. If Tenant shall not elect to lease the first floor premises referred to in Landlord's Notice within the five (5) business day period following Landlord's Notice then, Landlord may thereafter deliver the lease for such first floor premises to the proposed tenant free of the restrictions herein stated, provided the rent in the lease to be executed is not less than ninety five (95%) percent of the rent, set forth in the Landlord's Notice. If said rent is less than 95% of the rent set forth in the Landlord's Notice, then Landlord shall not lease such premises without first complying with the provisions of this Section 10.

D. This right of first refusal so granted to Tenant shall terminate and become null and void upon the expiration or sooner termination of this Lease.

11. SUBORDINATION, NONDISTURBANCE AND ATTORNMENT: Landlord covenants to use reasonable efforts to obtain of a Subordination, Nondisturbance and Attornment Agreement in a form reasonably acceptable to Tenant ("SNDA") from The Bank of Tokyo-Mitsubishi, Ltd., the holder of the current first mortgage affecting the Building and the land on which the Building is located, provided that Tenant shall pay such reasonable lenders fees in connection with same. With respect to any future mortgages on the Building or future ground leases on the Building or the Land, the subordination of the Lease shall be conditional upon receipt of an SNDA, provided that Tenant shall pay such reasonable lenders fees in connection with same. Landlord represents to Tenant that there is no other Superior Mortgage (as defined in the Lease) and no Superior Leases (as defined in the Lease). If Tenant does not receive the Subordination, Nondisturbance and Attornment Agreement

referred to in the first sentence of this Section 11 within thirty (30) days of the date hereof, then Tenant may terminate this Fourth Lease Modification Agreement by sending written notice to Landlord at any time prior to the earlier of ninety days from the date hereof or receipt by Tenant of such Subordination, Nondisturbance and Attornment Agreement.

12. COMPETITORS: Landlord shall not lease any space on the ground floor of the Building for any use which is in direct competition to Tenant.

13. BROKER: Landlord and Tenant each represent and warrant that each of them has dealt only with Judd S. Meltzer Co., Inc. as broker (the "Broker') in connection with this Fourth Lease Modification Agreement; and each of them does hereby agree that such party shall indemnify, defend and hold the other harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorneys fees and disbursements) incurred by the other by reason of any claim of or liability for commissions or other compensation in connection with this Lease to any other broker who shall claim to have dealt with the indemnifying party. Landlord will pay any brokerage commission which may be due to the Broker pursuant to a separate agreement.

14. MISCELLANEOUS: Except as modified by this Fourth Lease Modification Agreement, the Lease and all covenants, agreements, terms and conditions thereof shall remain in full force and effect and are hereby in all respects ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Lease Modification Agreement to be duly executed as of the day and year first above written.

ATTEST: HARTZ MOUNTAIN DEVELOPMENT CORP.
("Landlord")

BY: /s/ Irwin A. Horowitz

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Irwin A. Horowitz
Executive Vice President

ATTEST: ALLIANCE CAPITAL MANAGEMENT L.P.
("Tenant")

BY: ALLIANCE CAPITAL MANAGEMENT CORPORATION,
Its General Partner
("General Partner")

BY: /s/ John D. Carifa

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Name: John D. Carifa
Title:

FIFTH LEASE MODIFICATION AGREEMENT

THIS FIFTH LEASE MODIFICATION AGREEMENT, made this 18th day of July, 1996 by and between HARTZ MOUNTAIN DEVELOPMENT CORP., a New Jersey corporation, having an office at 400 Plaza Drive, Secaucus, New Jersey 07094 (hereinafter referred to as "Landlord") and ALLIANCE CAPITAL MANAGEMENT L.P., having an office at 500 Plaza Drive, Secaucus, New Jersey 07094 (hereinafter referred to as "Tenant")

WITNESSETH:

WHEREAS, by Agreement of Lease dated September 16, 1986, as amended December 9, 1986, May 23, 1994, June 9,1994 and June 18, 1996 (herein referred to collectively as the "Lease"), Landlord leased to Alliance Capital Management Corporation and Alliance Capital Management Corporation hired from Landlord approximately 67,392 square feet of Floor Space (the "Original Demised Premises") located on the third (3rd) floor of the Building known as 500 Plaza Drive, Secaucus, Now Jersey and an additional 11,992 square feet of Floor Space (the "Additional Premises") in other areas of the Building (the Original Demised Premises and the Additional Demised Premises, together with any other space leased pursuant to the terms hereof, shall collectively be referred to as the "Demised Premises"); and

WHEREAS, by Assignment of Lease dated April 29, 1988, Alliance Capital Management Corporation assigned the Lease to Tenant; and

WHEREAS, the Lease is currently scheduled to expire on December 31, 2016 (the "Expiration Date") ; and

WHEREAS, Landlord and Tenant wish to increase the Floor Space of the Demised Premises and amend the Lease accordingly;

NOW, THEREFORE, for and in consideration of the Lease, the mutual covenants herein contained and the consideration set forth herein, the parties agree as follows:

1. A. LEASING OF SIXTH FLOOR SPACE: The following space, collectively constituting the entire sixth floor of the Building (the "Sixth Floor") is hereby added to the Demised Premises effective upon the vacancy and surrender thereof by the individual tenants listed below:

i. Approximately 15,632 square feet occupied by Reed Elsevier, Inc. with a termination date of March 31, 1997.

ii. Approximately 6,705 square feet occupied by the Marcus Group with a termination date of December 31, 1996.

iii. Approximately 12,273 square feet occupied by Nedloyd with a termination date of December 31, 1996.

iv. Approximately 15,616 square feet occupied by Pichony with a termination date of September 30, 1996.

For purposes hereof, including calculating Fixed Rent and Tenant's Fraction, all square footage shall be measured and determined in accordance with the terms of the Lease. Effective on the date Tenant takes possession of any part of the Sixth Floor, the Tenant's Fraction shall be increased proportionately. Landlord agrees to use reasonable efforts to effect the vacancy of the Sixth Floor in connection with its efforts to deliver the Sixth Floor to Tenant on or before April 1, 1997, or as soon thereafter as practicable.

B. NON-DELIVERY PENALTY: During the month of April, 1997, in the event any portion of the Sixth Floor is not delivered to Tenant on or before April 1, 1997, Tenant shall receive an abatement of Fixed Rent for all space on the Sixth Floor delivered to Tenant for the period commencing on April 1, 1997 until the date the entire Sixth Floor has been delivered to Tenant. In the event any portion of the Sixth Floor remains undelivered on May 1, 1997, Tenant's Fixed Rent abatement on the full Sixth Floor shall continue until the date of delivery of the full Sixth Floor and Tenant shall receive an additional abatement of one day's Fixed Rent for the full Sixth Floor for each day after May 1, 1997 that the date of delivery of the full sixth Floor is delayed.

2. ADA COMPLIANCE: To the extent required by any governmental authority having jurisdiction over the Sixth Floor Landlord agrees to correct any violations of the American with Disabilities Act, 42 USCA 12101-12213, with respect to the core bathrooms, elevator buttons and strobe lights on the Sixth Floor.

3. FIXED RENT: Fixed Rent for the Floor Space on the Sixth Floor will be at the rate of seven ($7.00) dollars per annum multiplied by the Floor Space of the premises delivered, from the date of delivery until August 17, 1998; nineteen ($19.00) dollars per annum multiplied by the Floor Space from August 16, 1998 until June 15, 2007; twenty-four dollars ($24.00) per annum multiplied by the Floor Space from June 16, 2007 until June 15, 2012; and twenty eight dollars ($28.00) multiplied by the Floor space from June 16, 2012 until the Expiration Date of the Lease.

4. BASE YEAR: For purposes of calculating Real Estate Taxes and Operating Expenses on the Sixth Floor, the Base Year shall be the twelve month period of August 1998 through August 1999.

5. TENANT'S WORK:

A. Tenant shall demolish and build out the Sixth Floor space in accordance with its requirements and subject to all terms and conditions of the Lease pertaining to Landlord's review and approval of same.

B. Subject to Tenant's receipt of a one year warranty for all work performed in connection with its buildout of the Sixth Floor, Landlord hereby approves both Plaza Construction and Structuretone as general contractors for Tenant's buildout, provided, however, that Tenant shall use a subcontractor designated by Landlord to do the electrical hookups, provided that the costs associated with using such designated contractor shall be competitive with those of other contractors in Hudson County. Landlord will review Tenant's construction plans within ten (10) business days of receipt. Notwithstanding the foregoing, Landlord or its affiliate will be provided with a copy of the bid from or the proposed contract with the subcontractor(s) which is about to be designated to perform the HVAC work and electrical hookups, along with all necessary plans and specifications, and Tenant shall award the subcontract(s) for the HVAC work and electrical hookups to Landlord (or its affiliate) in the event Landlord's bid does not exceed that of the Tenant's subcontractor(s).

C. Subject to Landlord's review of plans and specifications pertaining to same, Landlord will not unreasonably withhold or delay its approval to Tenant's installation of an additional 50 tons of air conditioning for the Demised Premises and to Tenant's installation of additional electrical capacity.

D. The second sentence of Article 15.01 of the Lease is hereby replaced with the following: "No consent will be necessary for non-structural changes of less than one hundred thousand dollars ($100,000.00) provided that Tenant must notify Landlord of such changes in advance and, if Tenant has or should be reasonably expected to have plans and specifications prepared for such nonstructural changes, Tenant shall supply Landlord with plans and specifications pertaining to such changes in advance."

6. SURRENDER: Tenant shall have the right to install a pedestrian staircase between contiguous floors leased by Tenant. Landlord, at its option, shall have the right to require the removal of and

Tenant shall remove the staircase and restore the space at Tenant's expense on or before the later of the Expiration Date or thirty days following notice from Landlord, provided that Landlord shall notify Tenant of Landlord's requirement for the removal of the staircase not later than thirty days following the later of the Expiration Date or the date Tenant vacates either of the two floors serviced by such staircase.

7. SIGNAGE: Other than rights of pre-existing tenants, Landlord will not allow any tenant to install any exterior ground mounted signage adjacent to the Building larger than that of Tenant's exterior ground mounted signage unless said tenant leases space totaling more than 150% of the Demised Premises.

8. EXPANSION OPTION:

A. Landlord agrees that, with respect to any full floor of space currently leased to Reed Elsevier, Inc. ("Reed"), Tenant shall, provided Tenant is not then in default of this Lease beyond any applicable notice and cure periods and provided Reed fails to renew or extend the term of its lease, have the option to lease such space provided Tenant notifies Landlord of its election to do so not later than December 24, 2000 (which is fifteen months and one week prior to the current Read lease expiration date of March 31, 2002) ("Tenant's Notice"). If Tenant shall notify Landlord in writing of its election to enter into such lease as tenant for such additional premises within said period Landlord shall, on or before January 15, 2001, advise Tenant concerning Reed's extension or failure to extend the term of its lease and, if Reed fails to exercise its option, Landlord shall subsequently deliver and Tenant shall execute a modification of this Lease incorporating the rent, terms and conditions with respect to the additional premises. Time is of the essence with respect to Tenant's exercise of such expansion option. The term of

Tenant's leasing such premises shall be from the date Reed vacates such space until June 15, 2012. The Fixed Rent during such (approximately) ten year and two month period shall be at the greater of 95% of Fair Market Value ("FMV"), as hereinafter defined, or as provided in paragraph 2 of the Fourth Lease Modification Agreement. The Base Year shall be as provided in paragraph 3 of the Fourth Lease Modification Agreement. FMV shall be determined by mutual agreement of the parties. If the parties are unable to agree on the FMV, the parties shall choose a licensed Real Estate Appraiser who shall determine the FMV. The cost of said Real Estate Appraiser shall be borne equally by the parties. If the parties are unable to agree on a licensed Real Estate Appraiser, each party shall select one Appraiser to appraise the FMV. If the difference between the two appraisals is 20% or less of the lower appraisal, then the FMV shall be the average of the two appraisals. If the difference between the two appraisals is greater than 20% of the lower appraisal, the two Appraisers shall select a third licensed Real Estate Appraiser to appraise the FMV. The FMV shall in such case be the average of the three appraisals. The cost of the third appraisal shall be borne equally by the parties.

B. If Tenant shall fail to notify Landlord in writing of its election to enter into a modification to its lease incorporating the additional premises, within the period referred to in subsection (A) hereof, then the expansion option granted to the Tenant as set forth in subsection (A) of this Section shall automatically terminate and come to and end.

C. This right of first refusal so granted to Tenant shall terminate and become null and void upon the expiration or sooner termination of this Lease.

D. Notwithstanding anything contained herein or in the Lease to the contrary, in the event Tenant exercises its right to expand by forwarding the Tenant's Notice as provided in subsection (A) of this section, Tenant shall have waived, automatically and without any further documentation, its right as provided in paragraph 6 of the Fourth Lease Modification Agreement to cancel the Lease effective as of June 15, 2007. The foregoing shall not alter or modify Tenant's right to cancel on June 15, 2012, subject to the terms of such paragraph 6 of the Fourth Lease Modification Agreement.

9. PARKING: The allocation of parking spaces for Tenant will be increased to a total of 24 on the date Tenant takes full possession of the Sixth Floor.

10. CLEANING: Upon not less than thirty days prior notice to Landlord, Tenant will be allowed to use its own full time employees for additional cleaning within the Demised Premises in lieu of Landlord's cleaning contractor performing such additional services.

11. BROKER: Landlord and Tenant each represent and warrant that each of them has dealt only with Judd S. Meltzer Co., Inc. as broker (the "Broker") in connection with this Fifth Lease Modification Agreement; and each of them does hereby agree that such party shall indemnify, defend and hold the other harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorney's fees and disbursements) incurred by the other by reason of any claim of or liability for commissions or other compensation in connection with this Fifth Lease Modification Agreement to any other broker who shall claim to have dealt with the indemnifying party. Landlord will pay any brokerage commission which may be due to the Broker pursuant to a separate agreement.

12. FREIGHT ELEVATOR: During the initial buildout of the Sixth Floor by Tenant, Tenant's after hours use of the freight elevator will be at no extra charge to Tenant other than custodial supervision at the rate of $25 per hour (and other than costs incurred as a result of misuse thereof).

13. MISCELLANEOUS: Except as modified by this Fifth Lease Modification Agreement, the Lease and all covenants, agreements, terms and conditions thereof shall remain in full force and effect and are hereby in all respects ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Lease Modification Agreement to be duly executed as of the day and year first above written.

ATTEST: HARTZ MOUNTAIN DEVELOPMENT CORP.
("Landlord")

BY: /s/ Irwin A. Horowitz

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Irwin A. Horowitz
Executive Vice President

ATTEST: ALLIANCE CAPITAL MANAGEMENT L.P.
BY: ALLIANCE CAPITAL MANAGEMENT CORPORATION,
Its General Partner

BY: /s/ John D. Carifa

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John D. Carifa
President & Chief Operating Officer

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands, unless otherwise indicated)

	Alliance Capital Management L.P.(1)				
	Years Ended December 31,				
	1996	1995	1994	1993	1992
INCOME STATEMENT DATA:					
Revenues:					
Investment advisory and services fees:					
Alliance mutual funds	$291,601	$232,730	$211,169	$167,043	$149,957
Separately managed accounts:					
Affiliated clients	44,901	43,978	41,805	37,212	33,180
Third party clients	227,530	179,872	163,171	146,509	138,709
Distribution plan fees from Alliance mutual funds	166,411	128,733	135,613	105,260	92,985
Shareholder servicing and administration fees	47,434	43,383	40,593	32,932	28,099
Other revenues	10,640	10,559	8,601	10,561	10,341
	788,517	639,255	600,952	499,517	453,271
Expenses:					
Employee compensation and benefits	214,743	172,202	173,649	149,295	154,800
Promotion and servicing:					
Distribution plan payments to financial intermediaries:					
Affiliated	30,533	23,710	20,442	13,722	10,755
Third party	115,362	87,044	84,054	65,445	55,526
Amortization of deferred sales commissions	53,144	50,501	51,547	36,237	32,495
Other	48,755	39,959	42,701	30,233	28,064
General and administrative	100,854	88,889	70,731	66,023	80,087
Amortization of intangible assets	15,613	8,747	8,450	6,975	6,993
Interest	1,923	1,192	7,572	10,619	9,871
Nonrecurring transaction expenses	--	--	--	40,842	--
	580,927	472,244	459,146	419,391	378,591
Income before income taxes (benefit) and cumulative effect of accounting change	207,590	167,011	141,806	80,126	74,680
Income taxes (benefit)	14,244	11,624	8,317	11,466	(100)
Income before cumulative effect of accounting change	193,346	155,387	133,489	68,660	74,780
Cumulative effect of change in accounting for income taxes	--	--	--	900	--
Net income	$193,346	$155,387	$133,489	$ 69,560	$ 74,780
Net income per Unit (4)	$2.27	$1.89	$1.70	$0.96	$1.05
Cash distributions per Unit(2)(4)	$2.19	$1.82	$1.64	$1.50	$1.285
Weighted average Units outstanding(4)	84,484	81,558	77,941	72,085	70,244
BALANCE SHEET DATA AT PERIOD END:					
Total assets	$725,897	$575,058	$518,369	$561,287	$415,851
Debt and long-term obligations(3)	52,629	30,839	29,021	134,022	165,334
Partners' capital	476,020	406,709	381,329	214,045	160,626
ASSETS UNDER MANAGEMENT AT PERIOD END (in millions)(5)	$182,792	$146,521	$119,279	$113,979	$ 97,521

(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 amounts above 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 effective February 22, 1993.

(5) Assets under management exclude certain non-discretionary advisory relationships.

MANAGEMENT'S DISCUSSION and ANALYSIS of FINANCIAL CONDITION and RESULTS of OPERATIONS

GENERAL

Alliance Capital Management L.P. (the "Partnership") derives substantially all of its revenues and net income (a) from fees for investment advisory, distribution and related services provided to the Alliance mutual funds, and (b) from fees for investment advisory services provided 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 ELAS affiliates and to unaffiliated separately managed accounts for institutional investors and high net-worth individuals ("third party clients"). The Alliance mutual funds consist of a broad range of open-end load and closed-end mutual funds ("mutual funds"), variable products including The Hudson River Trust ("HRT") and cash management products, including money market funds and deposit accounts. 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's 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. Investment advisory agreements for certain accounts 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.

The most significant developments during 1996 were the substantial increase in U.S. equity markets and a significant increase in mutual fund sales. Assets under management grew to $182.8 billion at December 31, 1996, an increase of $36.3 billion or 24.8% from December 31, 1995, primarily as a result of market appreciation, businesses acquired and net Alliance mutual fund sales. Alliance mutual fund sales for 1996 were approximately $14.5 billion compared to sales of $11.4 billion in 1995. The increase in Alliance mutual fund sales, principally equity mutual funds and variable products, combined with a decline in mutual fund redemptions during 1996, resulted in net Alliance mutual fund sales of $8.7 billion compared to $5.5 billion in 1995.

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 1,764,115 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. 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. Cursitor specializes in providing global asset allocation services to U.S. and non-U.S. institutional investors. Cursitor investment results were poor in 1995 and 1996. Significant account terminations have occurred and assets under management in Cursitor portfolios as of February 28, 1997 were less than $7 billion.

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

RESULTS OF OPERATIONS

(Dollars & Units in millions, except per Unit amounts)	1996	1995	% Change	1995	1994	% Change
Net income	$193.3	$155.4	24.4%	$155.4	$133.5	16.4%
Net income per Unit	$2.27	$1.89	20.1	$1.89	$1.70	11.2
Weighted average number of Units and Unit equivalents outstanding	84.5	81.6	3.6	81.6	77.9	4.7
Operating margin	26.3%	26.1%		26.1%	23.6%	

Net income for 1996 increased by 24.4% from 1995 primarily due to a 23.5% increase in investment advisory and services fees resulting from higher average assets under management. Net income for 1995 increased by 16.4% from 1994 primarily due to a 9.7% increase in investment advisory and services fees combined with a modest 2.9% increase in expenses.

ASSETS UNDER MANAGEMENT ($ billions)	12/31/96	12/31/95	% Change	12/31/95	12/31/94	% Change
Alliance mutual funds:						
Mutual funds	$ 27.6	$ 23.1	19.5%	$ 23.1	$ 20.6	12.1%
Cash management products	18.6	13.8	34.8	13.8	9.1	51.6
Variable products	17.1	12.3	39.0	12.3	8.5	44.7
	63.3	49.2	28.7	49.2	38.2	28.8
Separately managed accounts:						
Active equity & balanced	54.4	46.4	17.2	46.4	33.6	38.1
Active fixed	37.6	34.1	10.3	34.1	34.3	(0.6)
Index	18.9	16.3	16.0	16.3	12.7	28.3
Asset Allocation*	8.6	.5	1,620.0	.5	.5	--
	119.5	97.3	22.8	97.3	81.1	20.0
Total	$182.8	$146.5	24.8%	$146.5	$119.3	22.8%

*Significant increase as a result of the Cursitor acquisition.

AVERAGE ASSETS UNDER MANAGEMENT ($ billions)	1996	1995	% Change	1995	1994	% Change
Alliance mutual funds	$ 56.3	$ 43.0	30.9%	$ 43.0	$ 39.8	8.0%
Separately managed accounts:						
Affiliated clients	24.9	21.8	14.2	21.8	20.7	5.3
Third party clients	86.1	67.6	27.4	67.6	60.0	12.7
Total	$167.3	$132.4	26.4%	$132.4	$120.5	9.9%

Assets under management at December 31, 1996 were $182.8 billion, an increase of $36.3 billion or 24.8% from December 31, 1995. 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 $0.8 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 of $11.6 billion, principally in active equity and balanced accounts, acquired businesses which added $11.1 billion in assets under management, and net asset additions to affiliated client accounts of $1.6 billion, offset partially by net third party client account asset withdrawals of $2.1 billion.

Assets under management at December 31, 1995 were $146.5 billion, an increase of $27.2 billion or 22.8% from December 31, 1994. Mutual fund assets under management at December 31, 1995 were $49.2 billion, an increase of $11.0 billion or 28.8% from December 31, 1994, due principally to market appreciation of $6.4 billion and net sales of cash management and variable products of $4.7 billion and $1.3 billion, respectively. These increases were partially offset by net mutual fund redemptions and unreinvested dividends experienced by the Partnership's fixed income mutual funds of $1.4 billion. Separately managed account assets under management at December 31, 1995 were $97.3 billion, an increase of $16.2 billion or 20.0% from December 31, 1994. This increase was primarily due to market appreciation of $16.2 billion, principally from active equity and balanced accounts, and net asset additions to affiliated client accounts of $1.9 billion, offset partially by net third party client account asset withdrawals of $1.9 billion.

REVENUES

($ millions)	1996	1995	% Change	1995	1994	% Change
Investment advisory and services fees:						
Alliance mutual funds	$291.6	$232.7	25.3%	$232.7	$211.2	10.2%
Separately managed accounts:						
Affiliated clients	44.9	44.0	2.0	44.0	41.8	5.3
Third party clients	227.5	179.9	26.5	179.9	163.2	10.2
Distribution plan fees from Alliance mutual funds	166.4	128.7	29.3	128.7	135.6	(5.1)
Shareholder servicing and administration fees	47.4	43.4	9.2	43.4	40.6	6.9
Other revenues	10.7	10.6	0.9	10.6	8.6	23.3
Total Revenues	$788.5	$639.3	23.3%	$639.3	$601.0	6.4%

Investment advisory and services fees were $564.0 million in 1996, an increase of $107.4 million or 23.5% over 1995. Investment advisory and services fees were $456.6 million in 1995, an increase of $40.4 million or 9.7% over 1994. Performance fees earned on affiliated and third party client accounts aggregated $18.4 million, $18.1 million, and $18.0 million in 1996, 1995 and 1994, respectively.

Investment advisory and services fees from Alliance mutual funds increased by $58.9 million or 25.3% for 1996, primarily as a result of a 30.9% increase in average assets under management. Investment advisory and services fees from Alliance mutual funds increased by $21.5 million or 10.2% from 1994 to 1995 primarily as a result of an 8% increase in average assets under management.

Investment advisory and services fees from affiliated clients, primarily the ELAS General Accounts, increased for 1996 due principally to higher average assets under management, offset partially by lower performance fees in 1996 compared to 1995. Affiliated advisory fees increased in 1995 due principally to an increase in performance fees.

Excluding acquisitions, investment advisory and services fees from new 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 terminations and withdrawals. Investment advisory and services fees from third party clients increased for both 1996 and 1995 due to an increase in average assets under management of 27.4% and 12.7%, respectively. The increases in third party assets under management resulted primarily from market appreciation and in 1996 from the Cursitor acquisition.

The Partnership's subsidiary, Alliance Fund Distributors, Inc. ("AFD"), acts as distributor of its sponsored mutual funds and receives distribution plan fees from those funds in reimbursement of distribution expenses it incurs. Distribution plan fees increased in 1996 due to substantially higher average cash management and equity mutual fund assets under management attributable to strong sales of Class B Shares under its mutual fund distribution system (the "System") (See "Capital Resources and Liquidity"). Distribution plan fees decreased for 1995 primarily as a result of lower average fixed income load mutual fund assets attributable to Class B and Class C Shares. This decrease was principally due to net redemptions of fixed income mutual fund shares during the latter part of 1994 and early 1995.

The Partnership's subsidiary, Alliance Fund Services, Inc. ("AFS"), provides administrative and transfer agency services to its sponsored mutual funds and money market funds. In connection with the investment advisory services it provides to the General Accounts of ELAS and its insurance subsidiaries, the Partnership provides ancillary regulatory accounting and reporting services. Increases in shareholder servicing and administration fees were principally due to increases in the number of mutual fund shareholder accounts serviced by AFS. The number of shareholder accounts serviced increased to approximately 2.8 million as of December 31, 1996 from 2.4 million and 2.2 million as of December 31, 1995 and 1994, respectively.

Other revenues consist primarily of interest, dividends and commissions on the sale of Class A Shares under the System. Other revenues increased for 1995, principally due to the increase in interest earned on short-term investments from higher average balances.

EXPENSES

($ millions)	1996	1995	% Change	1995	1994	% Change
Employee compensation and benefits	$214.7	$172.2	24.7%	$172.2	$173.6	(0.8%)
Promotion and servicing	247.8	201.2	23.2	201.2	198.7	1.3
General and administrative	100.9	88.9	13.5	88.9	70.7	25.7
Interest	1.9	1.2	58.3	1.2	7.6	(84.2)
Amortization of intangible assets	15.6	8.7	79.3	8.7	8.5	2.4
Total Expenses	$580.9	$472.2	23.0%	$472.2	$459.1	2.9%

Employee compensation and benefits, which represent approximately 37.0% of total expenses, include salaries, commissions, fringe benefits and incentive compensation based on profitability. Provisions for future payments to be made under certain deferred compensation arrangements and for noncash compensation expense resulting from the vesting of Units issued or sold to key employees at a discount from fair market value are also included in employee compensation and benefits expense.

Employee compensation and benefits increased for 1996 primarily as a result of higher incentive compensation due to increased operating earnings and an increase in head count resulting from acquisitions, the expansion of the Partnership's mutual fund operations, and additional investment professionals. Employee compensation and benefits decreased for 1995 primarily as a result of a reduction in the number of full-time employees. This decrease was partially offset by related severance costs and salary increases. The Partnership had 1,495 employees at December 31, 1996 compared to 1,365 and 1,494 at December 31, 1995 and 1994, respectively.

Promotion and servicing expenses, which represent approximately 43% of total expenses, include payments made 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 for 1996 and 1995 increased primarily due to increased distribution plan payments resulting from higher average cash management and equity mutual fund assets under management. Other promotional expenses increased for 1996 primarily as a result of higher promotional and servicing costs for cash management products and increased mutual fund advertising.

General and administrative expenses, which represent approximately 19% of total expenses, are costs related to the operation of the business, including professional fees, occupancy, communications, equipment and similar expenses. General and administrative expenses increased for 1996 and 1995 due principally to higher systems consulting expenses incurred in connection with technology initiatives, higher occupancy costs resulting from the Partnership's expansion at its New York headquarters and higher legal fees attributable to pending litigation.

Interest expense is incurred on the Partnership's borrowings and on deferred compensation owed to employees. Interest expense increased for 1996 resulting from interest incurred on the $21.5 million notes issued in connection with the Cursitor acquisition. Interest expense decreased for 1995 due to lower average borrowings resulting from the repayment of the Partnership's senior notes during August 1994.

Amortization of intangible assets is primarily attributable to the acquisition of ACMC, Inc., the predecessor of the Partnership, by ELAS during 1985, the acquisition of Shields Asset Management, Incorporated ("Shields") and its wholly-owned subsidiary, Regent Investor Services Incorporated ("Regent") in March 1994 and the Cursitor acquisition in February 1996. Amortization of intangibles increased in 1996 primarily due to the amortization of costs assigned to Cursitor contracts and goodwill incurred in connection with the Cursitor acquisition.

The Partnership generally is not subject to Federal, state and local income taxes, with the exception of 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 1996 and 1995 provision for income taxes increased primarily as a result of the increase in taxable income of the Partnership and certain of its corporate subsidiaries.

The tax exemption for certain publicly traded limited partnerships, including the Partnership, will expire on December 31, 1997. As a consequence, if the Partnership retains its current structure, it will be taxed as a corporation as of January 1, 1998. In response to this pending loss of its partnership tax status, management of the Partnership is presently reviewing alternatives and the Partnership expects to announce its plans during the second quarter of 1997.

CAPITAL RESOURCES AND LIQUIDITY

Partners' capital was $476.0 million at December 31, 1996, an increase of $69.3 million or 17.0% from $406.7 million at December 31, 1995. Partners' capital at December 31, 1995 increased $25.4 million or 6.7% from $381.3 million at December 31, 1994.

Cash flow from operations and proceeds from the sale of Units have been the Partnership's principal sources of working capital. During 1996, the Partnership's cash and cash equivalents decreased by $66.8 million. Cash outflows included $99.4 million for acquisitions, $175.5 million in distributions to Unitholders and $21.2 million in capital expenditures. Cash inflows included $224.2 million from operations and $5.4 million of proceeds from exercises of Unit options.

The Partnership acquired Cursitor on February 29, 1996 for approximately $159.0 million. The purchase price consisted of cash payments aggregating $94.3 million, 1,764,115 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 bear interest at 6% per annum and are payable ratably over the next four 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 ("Cursitor Alliance"), a newly formed subsidiary, and CHLP has an option to sell its minority interest to the Partnership for a price ("Buyout Price") in cash, Units, or a combination thereof of not less than $7.0 million or more than $52.0 million. The Buyout Price is based on the pre-tax operating earnings of Cursitor Alliance during the prior twelve month period. 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 four distribution options. The System permits the Partnership's open-end mutual funds to offer investors the option of purchasing shares (a) subject to a conventional front-end sales charge ("Class A Shares"), (b) without a front-end sales charge but subject to a contingent deferred sales charge payable by shareholders ("CDSC") and higher distribution fees payable by the funds ("Class B Shares"), (c) without a front-end sales charge and, if the shares are held for at least one year, CDSC combined with higher distribution fees payable by the funds ("Class C Shares") or (d) without a front-end sales charge, CDSC or ongoing distribution fees payable by the funds ("Advisor Class Shares"). If a shareholder purchases Class A Shares, AFD compensates the financial intermediary distributing the fund from the front-end sales charge paid by the shareholder at the time of each sale. If a shareholder purchases Class B or Class C Shares, AFD does not collect a front-end sales charge even though it is obligated to compensate the financial intermediary at the time of sale. Payments made to financial intermediaries in connection with the sale of Class B and Class C Shares under the System, net of CDSC received, totaled approximately $78.7 million and $41.7 million during 1996 and 1995, respectively. Management of the Partnership believes AFD will recover the payments made to financial intermediaries from the higher distribution fees and CDSC it receives under the Class B and Class C Shares over periods not exceeding 5 1/2 years and one year, respectively. If a shareholder purchases Advisor Class Shares, AFD does not collect a front-end sales charge or CDSC and does not compensate the financial intermediary.

During 1996, the Partnership entered into a new $250 million five-year revolving credit facility with a group of banks which replaced its $100 million revolving credit facility and its $100 million commercial paper back-up revolving credit facility. The new revolving credit facility will be used to provide backup liquidity for the commercial paper program and is available to fund commission payments to financial intermediaries for the sale of Class B and Class C Shares under the System, for acquisitions and for general working capital purposes.

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 take advantage of strategic growth opportunities, to finance capital requirements for mutual fund sales and to meet the Partnership's other capital requirements.

COMMITMENTS AND CONTINGENCIES

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

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 seeks an unspecified amount of damages, costs, attorneys' fees and punitive damages. The principal allegations of the Complaint are 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 alleges 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. On October 11, 1996, plaintiffs filed a motion for reconsideration of the Court's decision granting defendants' motion to dismiss the Complaint. On November 25, 1996, the Court denied plaintiffs' motion for reconsideration. On October 29, 1996, plaintiffs filed a motion for leave to file an amended complaint, which is still pending. The principal allegations of the proposed amended complaint are that the Fund did not properly disclose that it planned to invest in mortgage-backed derivative securities and that two advertisements used by the Fund misrepresented the risks of investing in the Fund. Plaintiffs also reiterated allegations in the Complaint that the Fund failed to hedge against the risks of investing in foreign securities despite representations that it would do so. 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. 123 (SFAS 123) "Accounting for Stock-Based Compensation" on January 1, 1996. The Partnership currently applies the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for its Unit option grants. Accordingly, the Partnership has not recognized any related compensation expense.

The Partnership adopted Statement of Financial Accounting Standards No. 115 (SFAS 115) "Accounting for Certain Investments in Debt and Equity Securities" and 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" on December 31, 1994 and 1995, respectively. The adoption of SFAS 115 and SFAS 121 did not have a material impact on the consolidated financial statements.

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, 1996, 1995 and 1994 were as follows:

AVAILABLE CASH FLOW	1996	1995	1994
Available Cash Flow (in thousands):	$184,464	$148,937	$127,710
Distributions per Unit	$2.19	$1.82	$1.64

CONSOLIDATED STATEMENTS of
FINANCIAL CONDITION

December 31 (in thousands)

	1996	1995
ASSETS:		
Cash and cash equivalents	$ 57,441	$ 124,256
Fees receivable:		
Alliance mutual funds	46,483	36,840
Separately managed accounts:		
Affiliated clients	4,479	2,006
Third party clients	58,339	46,766
Receivable from brokers and dealers for sale of shares of Alliance mutual funds	30,976	26,651
Investments, available-for-sale	35,966	35,375
Furniture, equipment and leasehold improvements, net	57,483	44,208
Goodwill, net	116,721	77,659
Contracts of businesses acquired, net	117,683	6,550
Deferred sales commissions, net	175,172	149,583
Other assets	25,154	25,164
Total assets	$ 725,897	$ 575,058
LIABILITIES AND PARTNERS' CAPITAL:		
Liabilities:		
Accounts payable and accrued expenses	$ 103,427	$ 74,054
Payable to Alliance mutual funds for share purchases	55,468	45,217
Accrued expenses under employee benefit plans	51,633	44,086
Debt	24,658	3,462
Minority interests in consolidated subsidiaries	14,691	1,530
Total liabilities	249,877	168,349
Commitments and contingencies		
Partners' Capital:		
General Partner	5,101	4,417
Limited partners; 83,782,548 and 81,159,751 Units issued and outstanding, including Class A Limited Partnership Interest, respectively	505,029	437,283
	510,130	441,700
Less: Capital contributions receivable from General Partner	27,904	25,396
Deferred compensation expense	6,500	9,500
Unrealized (gain) loss on investments	(294)	95
Total partners' capital	476,020	406,709
Total liabilities and partners' capital	$ 725,897	$ 575,058

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS of INCOME

For the Years Ended December 31 (in thousands, except per Unit amounts)

	1996	1995	1994
REVENUES:			
Investment advisory and services fees:			
Alliance mutual funds	$291,601	$232,730	$211,169
Separately managed accounts:			
Affiliated clients	44,901	43,978	41,805
Third party clients	227,530	179,872	163,171
Distribution plan fees from Alliance mutual funds	166,411	128,733	135,613
Shareholder servicing and administration fees	47,434	43,383	40,593
Other revenues	10,640	10,559	8,601
	788,517	639,255	600,952
EXPENSES:			
Employee compensation and benefits	214,743	172,202	173,649
Promotion and servicing:			
Distribution plan payments to financial intermediaries:			
Affiliated	30,533	23,710	20,442
Third party	115,362	87,044	84,054
Amortization of deferred sales commissions	53,144	50,501	51,547
Other	48,755	39,959	42,701
General and administrative	100,854	88,889	70,731
Amortization of intangible assets	15,613	8,747	8,450
Interest	1,923	1,192	7,572
	580,927	472,244	459,146
Income before income taxes	207,590	167,011	141,806
Income taxes	14,244	11,624	8,317
Net income	$193,346	$155,387	$133,489
Net income per Unit	$2.27	$1.89	$1.70

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, 1993	$2,355	$233,125	$(21,323)	$ (112)	$ --	$214,045
Net income	1,335	132,154				133,489
Cash distributions to partners ($1.64 per Unit)	(1,240)	(122,745)				(123,985)
Amortization of deferred compensation expense				2,612		2,612
Capital contributions from General Partner			695			695
Compensation plan accrual	25	2,519	(2,544)			--
Proceeds from sale of Units	1,500	148,500				150,000
Issuance of Units to employees	150	14,850		(15,000)		--
Proceeds from Unit options exercised	45	4,475				4,520
Unrealized loss on investments					(629)	(629)
Foreign currency translation adjustment	6	576				582
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 ($1.73 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 ($2.10 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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS of CASH FLOWS

For the Years Ended December 31 (in thousands)	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 193,346	$ 155,387	$ 133,489
Adjustments to reconcile net income to net cash provided from operating activities:			
Amortization and depreciation	76,893	67,350	67,690
Other, net	8,395	5,918	5,857
Changes in assets and liabilities:			
(Increase) in fees receivable from Alliance mutual funds	(9,119)	(5,457)	(1,711)
(Increase) decrease in fees receivable from affiliated clients	(2,473)	12,232	6,796
(Increase) decrease in fees receivable from third party clients	(190)	(7,549)	1,212
(Increase) decrease in receivable from brokers and dealers for sale of shares of Alliance mutual funds	(4,325)	(8,667)	85,937
(Increase) in deferred sales commissions	(78,733)	(41,740)	(69,332)
(Increase) decrease in other assets	3,262	(6,273)	(2,841)
Increase in accounts payable and accrued expenses	23,535	16,469	1,157
Increase (decrease) in payable to Alliance mutual funds for share purchases	10,251	12,710	(113,177)
Increase in accrued expenses under employee benefit plans, less deferred compensation	3,388	207	2,687
Net cash provided from operating activities	224,230	200,587	117,764
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(132,008)	(94,547)	(50,978)
Proceeds from sale of investments	131,585	109,138	57,138
Purchase of businesses	(99,427)	--	(73,570)
Additions to furniture, equipment and leasehold improvements, net	(21,157)	(7,644)	(21,210)
Net cash provided from (used in) investing activities	(121,007)	6,947	(88,620)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of debt	--	106	100,120
Repayment of debt	(65)	(178)	(205,234)
Distributions to partners	(175,534)	(141,319)	(123,985)
Proceeds from sale of Units	--	--	150,000
Capital contributions from General Partner	774	781	695
Proceeds from Unit options exercised	5,421	5,556	4,520
Net cash used in financing activities	(169,404)	(135,054)	(73,884)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(634)	(423)	624
Net increase (decrease) in cash and cash equivalents	(66,815)	72,057	(44,116)
Cash and cash equivalents at beginning of the year	124,256	52,199	96,315
Cash and cash equivalents at end of year	$ 57,441	$ 124,256	$ 52,199

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements
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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 various 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 subsidiaries, 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, 1996, Equitable was the beneficial owner of approximately 57.3% 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 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. The cost of these investments 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.

GOODWILL AND CONTRACTS OF BUSINESSES ACQUIRED

Goodwill is being amortized on a straight-line basis over estimated useful lives ranging from twelve to forty years. Accumulated amortization of goodwill was $11,221,000 and $7,233,000 at December 31, 1996 and 1995, respectively. Cost assigned to contracts of businesses acquired is being amortized on a straight-line basis over estimated useful lives ranging from twelve to twenty years. Accumulated amortization of cost assigned to these contracts was $83,717,000 and $72,050,000 at December 31, 1996 and 1995, respectively. The Partnership evaluates the potential impairment of its intangible assets by comparing the undiscounted cash flows expected to be realized from those intangible assets to their recorded values and has determined that there is no impairment.

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 these 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 and earned. 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 the provisions of Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees. As such, compensation expense would be 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 No. 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, allows entities to continue to apply the provisions of APB Opinion No. 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 No. 123 had been applied. The Partnership has elected to continue to apply the provisions of APB Opinion No. 25 and to provide the pro forma disclosure provisions of SFAS No. 123.

ADVERTISING

Advertising costs are generally 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, 1996 were not material.

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 1995 and 1994 financial statements have been reclassified to conform with the 1996 presentation.

3. ACQUISITIONS

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 1,764,115 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"). The Notes bear interest at 6% per annum and are payable ratably over the next four years. Acquisition costs of $4.0 million were also incurred.

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 cost assigned to Cursitor contracts and goodwill of approximately $122.8 million and $38.3 million, respectively, which are being amortized over 20 years. Pro forma financial information for the year ended December 31, 1996, reflecting the effects of the acquisition, is not presented because it would not be materially different from the actual results reported.

The acquisition of Cursitor resulted in the formation of a new subsidiary of the Partnership, Cursitor Alliance LLC ("Cursitor Alliance"), 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, and CHLP has an option to sell its minority interest to the Partnership for a price ("Buyout Price") in cash, Units, or a combination thereof of not less than $7.0 million or more than $52.0 million. The Buyout Price is based on the pre-tax operating earnings of Cursitor Alliance during the prior twelve month period. If either option is exercised, the payment of the Buyout Price will be accounted for as an increase in the Cursitor purchase price.

On March 7, 1994, the Partnership acquired the business and substantially all of the assets of Shields Asset Management, Incorporated ("Shields") and its wholly-owned subsidiary, Regent Investor Services Incorporated ("Regent"), for a purchase price of approximately $74 million in cash. In addition, the Partnership issued 645,160 new Units, having an aggregate fair market value at the time of issuance of approximately $15 million, to key employees of Shields and Regent in connection with the employees' entering into long-term employment agreements. The aggregate fair market value of the Units is being amortized as employee compensation expense ratably over five years. The acquisition was accounted for under the purchase method and the results of Shields and Regent are included in the Partnership's consolidated financial statements from the acquisition date. Goodwill of $70.6 million was recorded representing the excess of the purchase price over the estimated fair value of the net assets of the acquired business.

4. NET INCOME PER UNIT

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. The aggregate weighted average number of Units outstanding used in computing net income per Unit was 84,484,000, 81,558,000 and 77,941,000 in 1996, 1995 and 1994, respectively.

5. INVESTMENTS

At December 31, 1996 and 1995, the Partnership's investments consisted solely of investments in Alliance mutual funds which were 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, 1996	$35,672	$395	$(101)	$35,966
December 31, 1995	$35,470	$261	$(356)	$35,375

Proceeds from sales of investments were approximately $131,585,000, $109,138,000 and $57,138,000 in 1996, 1995 and 1994, respectively. Gross investment gains of $124,000, $125,000 and $0 and gross investment losses of $345,000, $332,000 and $0 were realized on those sales for the years ended December 31, 1996, 1995 and 1994, respectively.

6. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

	December 31, 1996	1995
Furniture and equipment	$51,344	$35,041
Leasehold improvements	46,954	41,085
	98,298	76,126
Less: Accumulated depreciation and amortization	40,815	31,918
Furniture, equipment and leasehold improvements, net	$57,483	$44,208

7. DEBT

During 1996, the Partnership entered into a new $250 million five-year revolving credit facility with a group of banks which replaced its $100 million revolving credit facility and its $100 million commercial paper back-up revolving credit facility. Under the new 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 commercial paper to be issued under the Partnership's $100 million commercial paper program, to fund commission payments to financial intermediaries for the sale of Class B and C shares under the Partnership's mutual fund distribution system, and for general working capital purposes. As of December 31, 1996, the Partnership had not issued any commercial paper and there were no borrowings outstanding under the Partnership's revolving credit facility.

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, 1996.

As discussed in Note 3, the Partnership issued promissory notes to CHLP in the aggregate principal amount of $21,500,000 on February 29, 1996. Debt also includes promissory notes with aggregate outstanding principal amounts of $3,076,000 and $3,324,000 at December 31, 1996 and 1995, respectively, issued to certain investment partnerships for which a subsidiary of the Partnership serves as general partner. The principal amounts of these notes will be reduced proportionately as partners receive return of capital distributions from the investment partnerships.

8. 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, 1996 aggregated $306,553,000 and are payable as follows: $16,379,000, $17,088,000, $17,637,000, $17,794,000 and $17,624,000 for the years 1997 through 2001, respectively, and a total of $220,031,000 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, 1996, 1995 and 1994 was $24,808,000, $23,172,000 and $18,387,000, 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 seeks an unspecified amount of damages, costs, attorneys' fees and punitive damages. The principal allegations of the Complaint are 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 alleges 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. On October 11, 1996, plaintiffs filed a motion for reconsideration of the Court's decision granting defendants' motion to dismiss the Complaint. On November 25, 1996, the Court denied plaintiffs' motion for reconsideration. On October 29, 1996, plaintiffs filed a motion for leave to file an amended complaint, which is still pending. The principal allegations of the proposed amended complaint are that the Fund did not properly disclose that it planned to invest in mortgage-backed derivative securities and that two advertisements used by the Fund misrepresented the risks of investing in the Fund. Plantiffs also reiterated allegations in the Complaint that the Fund failed to hedge against the risks of investing in foreign securities despite representations that it would do so. 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.

9. Partners' Capital

In connection with the purchase of the business of Equitable Capital Management Corporation ("ECMC"), a wholly-owned subsidiary of the Equitable, in July 1993, the Partnership created a Class A Limited Partnership Interest convertible initially into 100,000 Units. During 1996 the amount of Units issuable upon conversion of the Class A Limited Partnership Interest was increased by 346,439 Units. Units issuable upon conversion of the Class A Limited Partnership Interest may be increased by up to $17 million in additional Units to reflect the receipt by the Partnership of certain performance fees through March 1998.

During May 1994, the Partnership issued a newly created Class B Limited Partnership Interest to ELAS, for $50 million in cash, which was converted into 2,266,288 newly issued Units during November 1994. The Partnership issued 2,482,030 newly issued Units to a wholly-owned subsidiary of Oversea-Chinese Banking Corporation Limited during July 1994 for $50 million in cash. During August 1994, the Partnership sold for $50 million in cash a convertible note to Banco Bilbao Vizcaya, S.A. which was subsequently converted into 2,482,030 newly issued Units.

10. 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, 1996 was $10,526,000, which was $6,974,000 in excess of its required net capital of $3,552,000.

11. 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 qualified profit sharing plans covering substantially all U.S. and certain foreign employees. The amounts of the annual contributions to the plans are 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 1996, 1995 and 1994 were $8,310,000, $7,750,000 and $5,941,000, respectively.

The Partnership maintains a qualified noncontributory defined benefit retirement plan 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, 1996	December 31, 1995
Actuarial present value of benefit obligations:		
Vested benefit obligation	$(11,644)	$(11,540)
Nonvested benefit obligation	$ (559)	$ (764)
Projected benefit obligation for service rendered to date	$(19,332)	$(20,076)
Plan assets at fair value	20,035	18,538
Projected benefit obligation less than (in excess of) plan assets	703	(1,538)
Unrecognized net (gain) loss from past experience different from that assumed and effects of changes in assumptions	(3,094)	1,027
Prior service cost not yet recognized in net periodic pension cost	(1,648)	(1,761)
Unrecognized net plan assets at January 1, 1987 being recognized over 26.3 years	(2,335)	(2,478)
Accrued pension expense included in accrued expenses under employee benefit plans	$ (6,374)	$ (4,750)

Net expense under the retirement plan for the years ended December 31, 1996, 1995 and 1994 was comprised of (in thousands):

	1996	1995	1994
Service cost	$ 2,317	$ 1,621	$ 2,119
Interest cost on projected benefit obligations	1,405	1,116	1,078
Actual return on plan assets	(2,057)	(4,510)	1,050
Net amortization and deferral	(41)	2,850	(2,827)
Net pension charge	$ 1,624	$ 1,077	$ 1,420

Actuarial computations at December 31, 1996, 1995 and 1994 were made utilizing the following assumptions:

	1996	1995	1994
Discount rate on benefit obligations	8.00%	7.50%	8.75%
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, 1996, 1995 and 1994 were $3,283,000, $3,005,000 and $2,544,000, 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 1996 and 1995 aggregating $12,350,000 and $7,925,000, respectively. As of December 31, 1996, the amount vested under the Plan was $2,816,000 and is included in accrued expenses under employee benefit plans.

During 1988, certain employees entered into employment agreements with the Partnership and acquired from ACMC, Inc. an aggregate of 10,181,818 Units at either 10% or 20% of the initial public offering price. Accordingly, the Partnership recorded deferred compensation expense and a corresponding increase in partners' capital in the amount of the aggregate discount. The Units vested over periods of employment ranging from two to six years through April 21, 1994 and the aggregate discount was amortized as employee compensation expense ratably over the applicable vesting periods. During 1994, certain key employees of Shields and Regent entered into employment agreements with the Partnership and were issued 645,160 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, $3,000,000 and $2,612,000 was recorded for the years ended December 31, 1996, 1995 and 1994, respectively.

12. EMPLOYEE UNIT AWARD AND OPTION PLANS

During 1988, a Unit Option Plan ("Unit Option Plan") was established under which options to purchase up to 4,923,076 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 3,200,000 Units. In addition, no more than 800,000 Units in the aggregate may be granted or awarded under the 1993 Plans in any of the first four years of their operations. As of December 31, 1996, 2,926,500 Units were subject to options granted and 22,635 Units were subject to awards made under the 1993 Plans.

During 1996 and 1995, the Partnership authorized the grant of options to officers of the Partnership to purchase 725,000 and 1,805,500 of the Partnership's Units, respectively, under the Unit Option Plan and 1993 Plans. The per Unit weighted average fair value of options granted during 1996 and 1995 was $2.69 and $2.24, respectively, on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rates of 5.8% and 6.0% for 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 23% for each year.

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 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 earnings per Unit would have been reduced to the pro forma amounts indicated below:

(in thousands, except per Unit amounts)	1996	1995
Pro forma net income	$191,895	$154,688
Pro forma earnings per Unit	$2.25	$1.88

Pro forma net income reflects only options granted in 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 and the 1993 Plans:

	Units	Weighted Average Exercise Price Per Unit
Outstanding at January 1, 1994	3,233,400	$12.96
Granted	1,213,500	$19.97
Exercised	(484,500)	$ 9.33
Forfeited	(150,000)	$17.78
Outstanding at December 31, 1994	3,812,400	$15.46
Granted	1,805,500	$20.54
Exercised	(496,100)	$11.20
Forfeited	(293,700)	$16.64
Outstanding at December 31, 1995	4,828,100	$17.72
Granted	725,000	$25.12
Exercised	(397,300)	$13.64
Forfeited	(121,700)	$19.32
Outstanding at December 31, 1996	5,034,100	$19.07
Exercisable at December 31, 1996	2,053,280	

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

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding as of 12/31/96	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable as of 12/31/96	Weighted Average Exercise Price
$ 6.0625 - $15.9375	1,317,300	4.76	$12.97	1,168,500	$12.58
16.3125 - 19.75	1,033,800	8.19	19.13	231,400	18.69
19.875 - 19.875	1,020,300	7.36	19.88	396,000	19.88
20.75 - 24.375	940,200	8.46	22.05	257,380	21.84
25.125 - 25.125	722,500	9.96	25.13	--	--
$ 6.0625 - $25.125	5,034,100	7.43	$19.07	2,053,280	$15.84

13. INCOME TAXES

The Partnership is a publicly traded partnership for Federal income tax purposes and, accordingly, is not currently subject to Federal and state corporate income taxes but is subject to the New York City unincorporated business tax ("UBT"). Current law generally provides that certain publicly traded partnerships, including the Partnership, will be taxable as corporations beginning in 1998.

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 (in thousands):

	1996	1995	1994
Partnership unincorporated business taxes	$ 8,182	$ 5,644	$ 5,813
Corporate subsidiaries:			
Federal	3,800	3,900	1,300
State, local and foreign	2,262	2,080	1,204
	$14,244	$11,624	$ 8,317

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

	1996		1995		1994	
UBT statutory rate	$ 8,304	4.0%	$ 6,681	4.0%	$ 5,672	4.0%
Corporate subsidiaries' federal, state, local and foreign income taxes	6,062	2.9%	5,980	3.6%	2,504	1.8%
Miscellaneous Partnership UBT adjustments	(122)	0.0%	(1,037)	(0.6%)	141	0.1%
	$ 14,244	6.9%	$ 11,624	7.0%	$ 8,317	5.9%

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 is as follows (in thousands):

	December 31, 1996	December 31, 1995
Deferred tax asset:		
Differences between book and tax treatment of deferred compensation plans	$1,897	$1,407
Other, primarily accruals deductible when paid	1,131	753
	3,028	2,160
Deferred tax liability:		
Differences between book and tax basis of furniture, equipment and leasehold improvements	533	469
Differences between book and tax basis of intangibles	56	0
	589	469
Net deferred tax asset	2,439	1,691
Valuation allowance	1,539	791
Deferred tax asset, net of valuation allowance	$ 900	$ 900

The net change in the valuation allowance for the year ended December 31, 1996 was $748,000. The valuation allowance relates to uncertainties on the deductibility for UBT purposes of certain compensation related items. The deferred tax asset is included in other assets.

14. 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, 1996	1995	1994
Investment advisory and services fees	$291,601	$232,730	$211,169
Distribution plan fees	166,411	128,733	135,613
Shareholder servicing and administration fees	39,451	35,310	33,266

The Partnership provides investment management and administration services to Equitable and certain of its subsidiaries other than the Partnership ("Equitable Subsidiaries"). 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 $697,144,000, $346,717,000 and $462,610,000 for the years ended December 31, 1996, 1995 and 1994, 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 are as follows (in thousands):

	Year ended December 31, 1996	1995	1994
Revenues:			
Investment advisory and services fees	$44,901	$43,978	$41,805
Shareholder servicing and administration fees	7,548	7,322	7,137
Expenses:			
Distribution payments to financial intermediaries	30,533	23,710	20,422
General and administrative	5,865	5,428	5,991

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Year ended December 31, 1996	1995	1994
Interest	$ 506	$ 812	$ 7,123
Income taxes	14,797	11,125	8,803

16. SUBSEQUENT EVENT

On February 6, 1997, the Finance Committee of the Board of Directors of the General Partner declared a cash distribution of $49,931,000 or $0.59 per Unit representing the Available Cash Flow (as defined in the Partnership Agreement) of the Partnership for the period October 1 through December 31, 1996. The distribution is payable on March 4, 1997 to holders of record on February 25, 1997.

17. QUARTERLY FINANCIAL DATA (UNAUDITED)

(in thousands, except per Unit data)	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
Net income per Unit	.61	.57	.55	.54
Cash distributions per Unit(1)	.59	.55	.53	.52
Unit prices:(2)				
High	28 7/8	26	25 1/8	25 1/2
Low	25 1/8	23 1/8	23 3/8	21 3/4

	Quarter Ended 1995			
	December 31	September 30	June 30	March 31
Revenues	$175,785	$164,666	$153,425	$145,379
Net income	43,096	41,007	37,099	34,185
Net income per Unit	.52	.50	.45	.42
Cash distributions per Unit(1)	.50	.48	.43	.41
Unit prices:(2)				
High	23 1/4	20 1/2	20 1/8	18 3/4
Low	19 1/2	17 3/4	17 1/4	16 1/8

(1) Declared and paid during the following quarter.

(2) High and low sales prices as reported by the New York Stock Exchange. The number of Unitholders of record at February 28, 1997 was approximately 1,680.

INDEPENDENT AUDITORS' REPORT

[LOGO] KPMG Peat Marwick LLP

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, 1996 and 1995, 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, 1996. 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 audits 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 at December 31, 1996 and 1995 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1996 in conformity with generally accepted accounting principles.

/s/ KPMG Peat Marwick LLP

New York, New York
February 6, 1997

SUBSIDIARIES OF THE REGISTRANT

Alliance Capital Management
Corporation of Delaware
(Delaware)

ACMC, Inc.
(Delaware)

ACM Software Services Ltd.
(Delaware)

Albion Alliance LLC
(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.

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
(England)

Cursitor Alliance LLC
(Delaware)

Cegogest Limited
(England)

Cegogest International Limited
(England)

Cursitor Cecogest SA
(France)

Cursitor Cookery Ltd.
(England)

Cursitor Courtage SARL
(France)

Cursitor-Eaton Asset
Management Company
(New York)

Cursitor Gestion SA
(France)

Cursitor Group Ltd.
(England)

Cursitor Alliance Holdings Limited
(England)

Cursitor Hotpot Ltd.
(England)

Cursitor Management Co. SA
(Luxembourg)

Cursitor Management Ltd.
(England)

Dimensional Asset
Management Limited
(England)

Dimensional Trust
Management Limited
(England)

Draycott Partners Ltd.
(Massachusetts)

Equitable Investment Corporation
(Delaware)

Meiji-Alliance Capital Corporation
(Delaware)

New-Alliance Asset Management
(Asia) Limited
(Hong Kong)

Cursitor Alliance Services Limited
(England)

East Fund Managementberatung GmbH
(Austria)

The Board of Directors
Alliance Capital Management Corporation

We consent to incorporation by reference in the registration statements (No. 33-28534, 33-65932, 33-65930, 33-52387, 33-54575 and 33-54551) on Form S-8 of Alliance Capital Management L.P. of our report dated February 6, 1997, relating to the consolidated statements of financial condition of Alliance Capital Maangement L.P. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, changes in partners' capital and cash flows for the years ended December 31, 1996, 1995 and 1994, which report is incorporated by reference in the December 31, 1996 annual report on Form 10-K of Alliance Capital Management L.P.

New York, New York
March 27, 1997

/s/ KPMG Peat Marwick LLP

KPMG Peat Marwick LLP

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, 1996 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.

Dated: February 20, 1997

/s/ Claude Bebear

Claude Bebear

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Dated: February 20, 1997

/s/ Luis Javier Bastida

Luis Javier Bastida

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Dated: February 20, 1997

/s/ James M. Benson

James M. Benson

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Dated: February 20, 1997

/s/ Henri de Castries

Henri de Castries

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Dated: February 20, 1997

/s/ Kevin C. Dolan

Kevin C. Dolan

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Dated: February 20, 1997

/s/ Jean-Pierre Hellebuyck

Jean-Pierre Hellebuyck

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Dated: February 20, 1997

/s/ Benjamin D. Holloway

Benjamin D. Holloway

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Dated: February 20, 1997

/s/ Denis Duverne

Denis Duverne

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Dated: February 20, 1997

/s/ Joseph J. Melone

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Joseph J. Melone

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Dated: February 20, 1997

/s/ Peter D. Noris

Peter D. Noris

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Dated: February 20, 1997

/s/ Jerry M. de St. Paer

Jerry M. de St. Paer

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Dated: February 20, 1997

/s/ Madelon DeVoe Talley

Madelon DeVoe Talley

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Dated: February 20, 1997

/s/ Robert B. Zoellick

Robert B. Zoellick

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YEAR
DEC-31-1996
JAN-01-1996
DEC-31-1996
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193,346
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