FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2000
OR
/ /TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 1-9818

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

(Exact name of Registrant as specified in its charter)

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

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

Securities registered pursuant to Section 12(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, 2001 was approximately $3,241,291,471.

The number of units representing assignments of beneficial ownership of limited partnership interests* outstanding as of March 1, 2001 was 73,765,597.

DOCUMENTS INCORPORATED BY REFERENCE
This Form 10-K does not incorporate any document by reference.

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

GLOSSARY OF CERTAIN DEFINED TERMS

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

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

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

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

"Alliance Holding" refers to Alliance Capital Management Holding L.P., a Delaware limited partnership formerly known as Alliance Capital Management L.P.

"Alliance Holding Units" refers to units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding.

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

"AXA Client Solutions" refers to AXA Client Solutions, LLC, a wholly-owned subsidiary of AXA Financial.

"AXA Financial" refers to AXA Financial, Inc., a wholly owned subsidiary of AXA.

"ECMC" refers to ECMC, LLC, a wholly-owned subsidiary of Equitable.

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

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

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

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

PART I

Item 1. Business

General

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

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

In October 1999 Alliance Holding reorganized by transferring its business and assets to Alliance Capital, a newly formed operating partnership, in exchange for all of the Alliance Capital Units ("Reorganization"). Since the date of the Reorganization Alliance Capital has conducted the diversified investment management services business formerly conducted by Alliance Holding and Alliance Holding's business has consisted of holding Alliance Capital Units and engaging in related activities. As part of the Reorganization Alliance Holding offered each Alliance Holding Unitholder the opportunity to exchange Alliance Holding Units for Alliance Capital Units on a one-for-one basis. As of March 1, 2001 Alliance Holding held approximately 29.8% of the outstanding Alliance Capital Units. The Alliance Holding Units trade publicly on the New York Stock Exchange, Inc. ("NYSE") while the Alliance Capital Units do not trade publicly and are subject to significant restrictions on transfer. Alliance is the General Partner of both Alliance Capital and Alliance Holding.

On October 2, 2000 Alliance Capital acquired the business and assets of SCB Inc., formerly known as Sanford C. Bernstein Inc. ("Bernstein"), and assumed the liabilities of the Bernstein business ("Bernstein Acquisition"). The purchase price consisted of a cash payment of $1.4754 billion and 40.8 million newly issued Alliance Capital Units. AXA Financial purchased approximately 32.6 million newly issued Alliance Capital Units for $1.6 billion on June 21, 2000 to fund the cash portion of the purchase price.

As of March 1, 2001 AXA, AXA Financial, Equitable and certain subsidiaries of Equitable were the beneficial owners of 128,475,720 Alliance Capital Units or approximately 51.9% of the issued and outstanding Alliance Capital Units and 1,544,356 Alliance Holding Units or approximately 2.1% of the issued and outstanding Alliance Holding Units. As of March 1, 2001 Alliance Holding was the owner of 73,765,597 Alliance Capital Units or approximately 29.8% of the issued and outstanding Alliance Capital Units. As of March 1, 2001 SCB Partners Inc., a wholly-owned subsidiary of SCB Inc., was the owner of 40.8 million Alliance Capital Units or approximately 16.5% of the issued and outstanding Alliance Capital Units.

As of March 1, 2001 AXA and its subsidiaries owned all of the issued and outstanding shares of the common stock of AXA Financial. AXA Financial owns all of the issued and outstanding shares of Equitable. For insurance regulatory purposes all shares of common stock of AXA Financial beneficially owned by AXA and its affiliates have been deposited into a voting trust. See "Item 12. Security Ownership of Certain Beneficial Owners and Management".

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

Alliance Capital provides diversified investment management and related services globally to a broad range of clients including (a) institutional investors, consisting of unaffiliated entities such as corporate and public employee pension funds, endowment funds, domestic and foreign institutions and governments and affiliates such as AXA and its insurance company subsidiaries, by means of separate accounts, sub-advisory relationships resulting from the efforts of the institutional marketing department, structured products, group trusts, and mutual funds and classes of mutual fund shares sold exclusively to institutional investors and high net worth individuals, (b) private clients, consisting of high net worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations and other entities, by means of separate accounts, hedge funds, and certain other vehicles, (c) individual investors by means of retail mutual funds sponsored by Alliance Capital, its subsidiaries and affiliated joint venture companies including cash management products such as money market funds and deposit accounts and sub-advisory relationships in respect of mutual funds sponsored by third parties resulting from the efforts of the mutual fund marketing department ("Alliance Mutual Funds") and "wrap" products, and (d) institutional investors by means of in-depth research, portfolio strategy, trading and brokerage-related services. Alliance Capital and its subsidiaries provide investment management, distribution and shareholder and administrative services to the Alliance Mutual Funds.

Alliance Capital provides a broad offering of investment products, global in scope, with expertise in both growth and value oriented strategies, the two predominant equity investment styles, coupled with a fixed income capability in both taxable and tax exempt securities.

Alliance Capital's investment management and research effort – comprising over 600 investment professionals – is one of the largest and most respected in the investment management industry. Central is the investment research process supported by 292 analysts.

Alliance Capital offers two distinct, equity investment management styles supported by over 440 investment professionals, consisting of two separate equity management and research groups: one dedicated to growth, the other to value. It also offers the two styles used in combination for investment balance.

Since the Bernstein Acquisition, Alliance Capital has combined the fixed income groups into a single 135-person investment management unit with a global market presence. Alliance Capital offers a full array of risk/return fixed income products – from money market funds to high yield portfolios. Our 59-person research group is one of the most formidable teams in an expanding global market for fixed income products.

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

Assets Under Management
(in millions)

	December 31,				
	1996	1997	1998	1999	2000
Institutional Investment Management (1)(2)	$120,717	$136,994	$173,997	$207,583	$253,539
Retail (2) (3)	60,632	79,722	108,354	155,244	163,306
Private Client	1,443	1,938	4,308	5,494	36,834
Total	$182,792	$218,654	$286,659	$368,321	$453,679

Revenues
(in thousands)

	Years Ended December 31,				
	1996	1997	1998	1999	2000
Institutional Investment Management (1)	$271,234	$315,065	$370,618	$419,274	$541,254
Retail (3) (4)	485,567	625,607	884,644	1,290,925	1,702,353
Private Client	7,574	11,485	43,051	125,663	153,477
Institutional Research Services	0	0	0	0	56,289
Other	24,142	23,179	25,743	33,443	68,726
Total	$788,517	$975,336	$1,324,056	$1,869,305	$2,522,099

(1) Includes the general and separate accounts of AXA and its insurance company subsidiaries.
(2) Assets under management exclude certain non-discretionary advisory relationships and reflect 100% of the assets managed by unconsolid joint venture subsidiaries and affiliates.
(3) Includes money market deposit accounts brokered by Alliance Capital for which no investment management services are performed.
(4) Net of certain fees paid to Equitable for services rendered by Equitable in marketing the variable annuity insurance and variable life produ for which The Hudson River Trust ("HRT") was the funding vehicle. All of the portfolios of HRT were transferred to EQ Advisors Trust ("EQAT") effective October 18, 1999 and such fees are no longer payable to Equitable.

INSTITUTIONAL INVESTMENT MANAGEMENT SERVICES

Alliance Capital's Institutional Investment Management Services consist primarily of the active management of equity accounts, balanced accounts (equity and fixed income) and fixed income accounts for institutions such as corporate and public employee pension funds, endowment funds, domestic and foreign institutions, governments and affiliates (AXA and certain of its insurance company subsidiaries, including Equitable) by means of separate accounts, sub-advisory relationships resulting from the efforts of the institutional marketing group, structured products, group trusts and mutual funds and classes of mutual fund shares sold exclusively to institutional investors and high net worth individuals. As of December 31, 2000 the assets of institutional investors were managed by 221 portfolio managers with an average of 14 years of experience in the industry and 9 years of experience with Alliance Capital.

As of December 31, 1998, 1999 and 2000 institutional investment management services represented approximately 61%, 56% and 56%, respectively, of total assets under management by Alliance Capital. The fees earned from these institutional investment management services represented approximately 28%, 22% and 21% of Alliance Capital's revenues for 1998, 1999 and 2000, respectively.

Institutional Investment Management Services Assets Under Management (1)
(in millions)

	December 31,				
	1996	1997	1998	1999	2000
Investment Services:					
Active Equity & Balanced - Growth:					
Domestic	$48,680	$55,449	$80,327	$99,565	$86,856
Global & International	10,936	7,905	7,416	11,705	12,342
	59,616	63,354	87,743	111,270	99,198
Active Equity & Balanced - Value:					
Domestic	1,233	4,268	4,436	4,231	41,213
Global & International	-	-	-	-	12,478
	1,233	4,268	4,436	4,231	53,691
Active Fixed Income:					

Domestic	38,639	43,997	50,195	54,367	58,603
Global & International	2,386	2,765	3,997	5,136	10,139
	41,025	46,762	54,192	59,503	68,742
Index and Enhanced Index:					
Domestic	15,432	19,744	22,898	26,264	26,754
Global & International	3,411	2,866	4,728	6,315	5,154
	18,843	22,610	27,626	32,579	31,908
Total:					
Domestic	103,984	123,458	157,856	184,427	213,426
Global & International	16,733	13,536	16,141	23,156	40,113
Total	$120,717	$136,994	$173,997	$207,583	$253,539

(1) Includes 100% of the assets managed by unconsolidated joint venture subsidiaries and affiliates of $1,126 million at December 31, 2000, $621 million at December 31, 1999 and $465 million at December 31, 1998.

Revenues From Institutional Investment Management Services
(in thousands)

	Years Ended December 31,				
	1996	1997	1998	1999	2000
Investment Services:					
Active Equity & Balanced - Growth:					
Domestic	$144,266	$168,343	$219,048	$255,100	$305,965
Global & International	32,669	30,514	16,740	27,730	38,693
	176,935	198,857	235,788	282,830	344,658
Active Equity & Balanced - Value:					
Domestic	8,109	9,722	10,456	10,143	44,310
Global & International	-	-	-	-	16,503
	8,109	9,722	10,456	10,143	60,813
Active Fixed Income:					
Domestic	69,213	87,245	103,194	103,550	108,416
Global & International	5,392	7,040	8,193	8,526	10,142
	74,605	94,285	111,387	112,076	118,558
Index and Enhanced Index:					
Domestic	7,973	9,095	9,795	8,651	9,386
Global & International	3,612	3,034	2,997	3,752	3,530
	11,585	12,129	12,792	12,403	12,916
Total:					
Domestic	229,561	274,405	342,493	377,244	468,077
Global & International	41,673	40,588	27,930	40,208	68,868
	271,234	314,993	370,423	417,452	536,945
Distribution Revenues	-	-	116	1,669	4,117
Shareholder Servicing Fees	-	72	79	153	192
Total	$271,234	$315,065	$370,618	$419,274	$541,254

Equity and Balanced Accounts. Institutional equity and balanced accounts contributed approximately 19%, 16% and 16% of Alliance Capital's total revenues for 1998, 1999 and 2000, respectively. Assets under management relating to active equity and balanced accounts grew from approximately $42.2 billion as of December 31, 1995 to approximately $152.9 billion as of December 31, 2000.

Fixed Income Accounts. Institutional fixed income accounts contributed approximately 8%, 6% and 5% of Alliance Capital's total revenues for 1998, 1999 and 2000, respectively. Assets under management relating to active fixed income accounts increased from approximately $35.7 billion as of December 31, 1995 to approximately $68.7 billion as of December 31, 2000.

Clients

The approximately 3,006 separately managed accounts for institutional investor for which Alliance Capital acts as investment manager include corporate employee benefit plans, public employee retirement systems, AXA and its insurance company subsidiaries, endowments, foundations, foreign governments, multi-employer pension plans and financial and other institutions.

As of December 31, 2000, AXA and the general and separate accounts of Equitable and its insurance company subsidiary, including investments made by these accounts in EQAT (See "Retail Services – Variable Products"), represented approximately 22%, 20% and 15% of total assets under management by Alliance Capital at December 31, 1998, 1999 and 2000, respectively, and approximately 11%, 8% and 6% of Alliance Capital's total revenues for 1998, 1999 and 2000, respectively. Taken as a whole they comprise Alliance Capital's largest institutional client.

As of December 31, 2000 corporate employee benefit plan accounts represented approximately 13% of total assets under management by Alliance Capital. Assets under management for other tax-exempt accounts, including public employee benefit funds organized by government agencies and municipalities, endowments, foundations and multi–employer employee benefit plans, represented approximately 34% of total assets under management as of December 31, 2000.

The following table lists Alliance Capital's ten largest institutional clients, ranked in order of size of total assets under management as of December 31, 2000. Since Alliance Capital's fee schedules vary based on the type of account, the table does not reflect the ten largest revenue generating clients.

Client or Sponsoring Employer	Type of Account
AXA and its subsidiaries (including Equitable and its insurance company subsidiary)	U.S. Equity, Fixed Income, Passive, Global Equity, Global Fixed Income
North Carolina Retirement System	Passive Equity, U.S. Equity, Global Equity
Foreign Government Central Bank	U.S. Equity, Global Equity, Fixed Income, Global Fixed Income
State Board of Administration of Florida	Equity, Fixed Income
SunAmerica	U.S. Equity, Global Equity
Sub-Advised Mutual Fund.	U.S. Equity
New York State Common Retirement System	Equity
Frank Russell Trust Company	U.S. Equity, Global Equity
SEI Investments.	Equity
Foreign Government Central Bank	U.S. Fixed Income, Global Fixed Income, U.S. Equity, Global Equity, Asian Equity

These institutional clients accounted for approximately 18% of Alliance Capital's total assets under management at December 31, 2000 and approximately 8% of Alliance Capital's total revenues for the year ended December 31, 2000 (25% and 11%, respectively, if the investments by the separate accounts of Equitable in EQAT were included). No single institutional client other than Equitable and its insurance company subsidiary accounted for more than approximately 1% of Alliance Capital's total revenues for the year ended December 31, 2000. AXA and the general and separate accounts of Equitable and their subsidiaries accounted for approximately 7% of Alliance Capital's total assets under management at December 31, 2000 and approximately 2% of Alliance Capital's total revenues for the year ended December 31, 2000 (15% and 6% respectively, if the investments by the separate accounts of Equitable in EQAT were included).

Since its inception, Alliance Capital has experienced periods when it gained significant numbers of new accounts or amounts of assets under management and periods when it lost significant accounts or assets under management. These fluctuations result from, among other things, the relative attractiveness of Alliance Capital's investment style or level of performance under prevailing market conditions, changes in the investment patterns of clients that result in a shift in assets under management and other circumstances such as changes in the management or control of a client.

Institutional Investment Management Agreements and Fees

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

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

Management fees paid on equity and balanced accounts are generally charged in accordance with a fee schedule based on a percentage 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. With respect to approximately 7% of assets under management for institutional investors, Alliance Capital charges performance–based fees, which consist of a relatively low base fee plus an additional fee if investment performance for the account exceeds certain benchmarks. No assurance can be given that such fee arrangements will not become more common in the investment management industry. Utilization of such fee arrangements by Alliance Capital on a broader basis could create greater fluctuations in Alliance Capital's revenues.

In connection with the investment advisory services provided to the general and separate accounts of Equitable and its insurance company subsidiary Alliance Capital provides ancillary accounting, valuation, reporting, treasury and other services. Equitable and its insurance company subsidiary compensate Alliance Capital for such services. See "Item 13. Certain Relationships and Related Transactions".

Marketing

Alliance Capital's institutional products are marketed by specialists who solicit business for the entire range of Alliance Capital's institutional account management services. Alliance Capital's institutional marketing structure supports its commitment to provide comprehensive and timely client service. A client service representative is assigned to each institutional account. This individual is available to meet with the client as often as necessary and attends client meetings with the portfolio manager.

PRIVATE CLIENT SERVICES

Alliance Capital provides investment management services to private clients consisting of high net worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations and other similar entities by means of separate accounts, hedge funds and certain other vehicles.

Private clients were a core client group of Bernstein for over 30 years prior to the acquisition of the business and assets of Bernstein by Alliance Capital on October 2, 2000. The former private client services group of Bernstein is now known as the Bernstein Investment Research and Management unit of Alliance Capital ("BIRM"). BIRM targets households with financial assets of $1 million or more and has a minimum account size of $400,000. BIRM's services consist of customized, tax-sensitive investment planning across a broad range of investment options.

BIRM's private client activities are built on a direct sales effort that involves over 120 advisors. These financial advisors work with private clients and their tax, legal and other advisors to tailor long-range investment plans to meet each client's needs. The portfolio created for each private client is intended to maximize after-tax investment returns given a client's individual investment goals, income requirements, risk tolerance, tax considerations and any other consideration relevant for that client.

Revenues from private clients, which represented 46% of Bernstein's total revenues for the year ended December 31, 1999 and 6% of Alliance Capital's for the year ended December 31, 2000, consist primarily of investment management fees earned from managing assets and, in the case of clients of BIRM, also include transaction charges earned by executing trading activities relating to U.S. equities under management for its clients. Fees for the management of hedge funds are higher than the fees charged for equity and balanced accounts and also provide for the payment of performance fees or carried interests to Alliance Capital.

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

Private Client Assets Under Management
(in millions)

	December 31,				
	1996	1997	1998	1999	2000
Investment Services:					
Active Equity & Balanced - Growth:					
Domestic	$1,388	$1,624	$2,716	$3,614	$3,302
Global & International	-	-	4	12	10
	1,388	1,624	2,720	3,627	3,312
Active Equity & Balanced - Value:					
Domestic	-	-	-	-	19,878
Global & International	-	-	-	-	5,531
	-	-	-	-	25,409
Active Fixed Income:					
Domestic	10	17	1,078	1,193	7,394
Global & International	-	182	358	382	293
	10	199	1,436	1,575	7,687
Index and Enhanced Index:					
Domestic	46	116	152	208	188
Global & International	-	-	-	85	238
	46	116	152	293	426
Total:					
Domestic	1,441	1,756	3,946	5,015	30,762
Global & International	2	182	362	479	6,072
Total	$1,443	$1,938	$4,308	$5,494	$36,834

Revenues From Private Client Services
(in thousands)

	December 31,				
	1996	1997	1998	1999	2000
Investment Services:					
Active Equity & Balanced - Growth:					
Domestic	$7,505	$10,049	$29,497	$101,978	$27,186
Global & International	-	-	17	749	724
	7,505	10,049	29,514	102,659	27,910
Active Equity & Balanced - Value:					
Domestic	-	-	-	-	89,493
Global & International	-	-	-	-	16,683

	-	-	-	-	106,176
Active Fixed Income:					
Domestic	27	46	2,447	2,541	14,205
Global & International	-	1,298	10,961	20,191	4,825
	27	1,344	13,408	22,732	19,030
Index and Enhanced Index:					
Domestic	42	92	116	176	227
Global & International	-	-	-	7	47
	42	92	116	183	274
Total:					
Domestic	7,574	10,187	32,060	104,695	131,111
Global & International	-	1,298	10,978	20,947	22,279
	7,574	11,485	43,038	125,642	153,390
Distribution Revenues	-	-	-	-	67
Shareholder Servicing Fees	-	-	13	21	20
Total	$7,574	$11,485	$43,051	$125,663	$153,477

Private Client Marketing

BIRM's private client financial advisors are dedicated to obtaining and maintaining client relationships. They do not manage money and do not sell individual stocks or external products. Their goal is to provide investment perspective for clients in order to assist them in determining a suitable mix of U.S. and non-U.S. equity securities and fixed income investments. The financial advisors are based in New York City, Los Angeles, West Palm Beach, Chicago, Dallas, San Francisco, Washington, D.C., White Plains and Seattle. These offices reach not only the targeted market within these cities but also the surrounding areas.

BIRM's private client marketing group also has established an extensive nationwide referral-source network, including accountants, attorneys and consultants. These professionals serve many of the targeted clients. As part of this strategy, meetings for professionals are organized in many cities and BIRM's private client marketing group regularly provides them with written materials to inform them of investment insights and services.

RETAIL SERVICES

Alliance Capital's Retail Services consist of furnishing investment management and related services to individual investors by means of retail mutual funds sponsored by Alliance Capital, its subsidiaries and affiliated joint venture companies including cash management products such as money market funds and deposit accounts and sub-advisory relationships resulting from the efforts of the mutual fund marketing department ("Alliance Mutual Funds") and "wrap" products. The net assets comprising the Alliance Mutual Funds on December 31, 2000 amounted to approximately $163.3 billion. The assets of the Alliance Mutual Funds are managed by the same investment professionals who manage Alliance Capital's accounts of institutional investors and high net-worth individuals.

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

Retail Services Assets Under Management
(in millions)

	December 31,				
	1996	1997	1998	1999	2000
Investment Services:					
Active Equity & Balanced - Growth:					
Domestic	$23,930	$33,933	$50,162	$76,994	$76,760
Global & International	3,978	4,730	5,037	16,224	18,096
	27,908	38,663	55,199	93,218	94,856
Active Equity & Balanced - Value:					
Domestic	1,437	2,857	4,466	6,954	11,456
Global & International	35	45	95	188	330
	1,472	2,902	4,561	7,142	11,786
Active Fixed Income:					
Domestic	26,302	32,160	37,173	42,041	43,149
Global & International	4,564	5,053	9,730	10,203	10,480
	30,866	37,213	46,903	52,244	53,629

Index and Enhanced Index:					
Domestic	386	944	1,691	2,640	3,035
Global & International	-	-	-	-	-
	386	944	1,691	2,640	3,035
Total:					
Domestic	52,055	69,894	93,492	128,629	134,400
Global & International	8,577	9,828	14,862	26,615	28,906
Total	$60,632	$79,722	$108,354	$155,244	$163,306

Revenues From Retail Services (1) (2) (3)
(in thousands)

	Years Ended December 31,				
	1996	1997	1998	1999	2000
Investment Services:					
Active Equity & Balanced - Growth:					
Domestic	$85,977	$133,558	$201,638	$393,650	$561,857
Global & International	37,916	46,025	47,547	79,834	103,455
	123,893	179,583	249,185	473,484	665,312
Active Equity & Balanced - Value:					
Domestic	6,621	13,122	21,528	28,573	40,229
Global & International	3,548	3,999	4,692	5,869	6,494
	10,169	17,121	26,220	34,442	46,723
Active Fixed Income:					
Domestic	116,841	125,883	157,513	170,778	190,143
Global & International	33,731	48,670	104,235	106,139	95,010
	150,572	174,553	261,748	276,917	285,153
Index and Enhanced Index:					
Domestic	590	1,244	2,378	3,821	2,294
Global & International	-	-	-	-	-
	590	1,244	2,378	3,821	2,294
Total:					
Domestic	210,029	273,807	383,057	596,822	794,523
Global & International	75,195	98,694	156,474	191,842	204,959
	285,224	372,501	539,531	788,664	999,482
Distribution Revenues	169,071	216,851	301,730	440,103	617,438
Shareholder Servicing Fees	31,272	36,255	43,383	62,158	85,433
Total	$485,567	$625,607	$884,644	$1,290,925	$1,702,353

(1) Includes fees received by Alliance Capital in connection with wrap fee accounts.
(2) Net of certain fees paid to Equitable for services rendered by Equitable in marketing the variable annuity insurance and variable life products for which HRT was the funding vehicle. All of the portfolios of HRT transferred to EQAT effective October 18, 1999 and such fees are no longer payable to Equitable.
(3) Includes fees received by Alliance Capital in connection with its distribution of money market deposit accounts for which no investment management services are provided.

Alliance Mutual Funds and Wrap Fee Programs

Alliance Capital has been managing mutual funds since 1971. Since then, Alliance Capital has sponsored open-end load mutual funds and closed-end mutual funds (i) registered as investment companies under the Investment Company Act ("U.S. Funds"), and (ii) which are not registered under the Investment Company Act and which are not publicly offered to United States persons ("Offshore Funds"). Alliance Capital also manages retail wrap fee programs, which are sponsored by various registered broker-dealers ("Wrap Fee Programs"). On December 31, 2000 net assets in the Alliance Mutual Funds and Wrap Fee Programs totaled approximately $92.6 billion.

Types of Alliance Mutual Funds and Wrap Fee Programs	Net Assets as of December 31, 2000 (in millions)
U.S. Funds – Open-End:	
Equity and Balanced	$46,109.2
Taxable Fixed Income	6,466.8
Tax Exempt Fixed Income	3,516.3
Offshore Funds (Open and Closed-End):	
Equity and Balanced	9,989.2
Taxable Fixed Income	5,969.0
Wrap Fee Programs	14,513.8
U.S. Funds – Closed-End	3,350.8
Joint Venture Subsidiaries and Affiliates (1)	2,691.6
Total	$92,606.4

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

Variable Products

Alliance Capital is a sub-adviser to EQAT, which is the funding vehicle for the variable annuity and variable life insurance products offered by Equitable and its insurance company subsidiary. The Alliance Variable Products Series Fund is a funding vehicle for variable annuity and variable life insurance products offered by other unaffiliated insurance companies. On December 31, 2000 the net assets of the portfolios of the Variable Products totaled approximately $41.2 billion:

	Net Assets as of December 31, 2000 (in millions)
EQAT:	
Common Stock Portfolio	$13,715.4
Equity Index Portfolio	3,035.5
Aggressive Stock Portfolio	2,969.7
Growth Investors Portfolio	2,619.4
Growth & Income Portfolio	1,879.7
Global Portfolio	1,727.2
Money Market Portfolio	1,570.4
Balanced Portfolio	1,489.6
EQ/Alliance Premier Growth Portfolio	1,391.1
Small Cap Growth Portfolio	862.5
Quality Bond Portfolio	562.3
Conservative Investors Portfolio	541.4
High Yield Portfolio	493.9
Technology Portfolio	288.0
International Portfolio	265.5
International Government Portfolio	214.1
Total EQAT	33,625.7
Alliance Variable Products Series Fund	7,533.0
Total	$41,158.7

Distribution. The Alliance Mutual Funds are distributed to individual investors through broker–dealers, insurance sales representatives, banks, registered investment advisers, financial planners and other financial intermediaries. Alliance Fund Distributors, Inc. (“AFD”), a registered broker-dealer and a wholly-owned subsidiary of Alliance Capital, serves as the principal underwriter and distributor of the U.S. Funds and serves as a placing or distribution agent for most of the Offshore Funds. There are 295 sales representatives who devote their time exclusively to promoting the sale of shares of Alliance Mutual Funds by financial intermediaries.

Alliance Capital maintains a mutual fund distribution system (the “System”) which permits open-end Alliance Mutual Funds to offer investors various options for the purchase of mutual fund shares, including the purchase of Front-End Load Shares and Back-End Load Shares. The Front-End Load Shares are subject to a conventional front-end sales charge paid by investors to AFD at the time of sale. AFD in turn compensates the financial intermediaries distributing the funds from the front-end sales charge paid by investors. For Back-End Load Shares, investors do not pay a front-end sales charge although, if there are redemptions before the expiration of the minimum holding period (which ranges from one year to four years), investors pay a contingent deferred sales charge (“CDSC”) to AFD. While AFD is obligated to compensate the financial intermediaries at the time of the purchase of Back-End Load Shares, it receives higher ongoing distribution fees from the funds. Payments made to financial intermediaries in connection with the sale of Back-End Load Shares under the System, net of CDSC received, reduced cash flow from operations by approximately $330.6 million and $393.4 million during 2000 and 1999, respectively. Management of Alliance Capital believes AFD will recover the payments made to financial intermediaries for the sale of Back-End Load Shares from the higher distribution fees and CDSC it receives over periods not exceeding 5 ½ years.

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

interest at the prime rate plus 1% per annum.

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

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

During 2000 the ten financial intermediaries responsible for the largest volume of sales of open-end U.S. Funds and Variable Products were responsible for 48% of such sales. AXA Advisors, LLC ("AXA Advisors"), a wholly-owned subsidiary of AXA Financial that utilizes members of Equitable's insurance agency sales force as its registered representatives, has entered into a selected dealer agreement with AFD and, together with its predecessor, since 1986 has been responsible for a significant portion of total sales of shares of open-end U.S. Funds and Offshore Funds (5%, 4% and 4% in 1998, 1999 and 2000, respectively). AXA Advisors is under no obligation to sell a specific amount of fund shares and also sells shares of mutual funds sponsored by organizations unaffiliated with Equitable.

Subsidiaries of Merrill Lynch & Co., Inc. (collectively "Merrill Lynch") were responsible for approximately 26%, 26% and 18% of open-end Alliance Mutual Fund sales in 1998, 1999, 2000, respectively. Citigroup Inc. ("Citigroup"), parent company of Salomon Smith Barney & Co., Inc., was responsible for approximately 6% of open-end Alliance Mutual Fund sales in 1998, 6% in 1999 and 5% in 2000. Neither Merrill Lynch nor Citigroup is under any obligation to sell a specific amount of Alliance Mutual Fund shares and each also sells shares of mutual funds that it sponsors and which are sponsored by unaffiliated organizations.

No dealer or agent other than AXA Advisors, Merrill Lynch and Citigroup has in any year since 1995 accounted for more than 10% of the sales of open-end Alliance Mutual Funds.

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

Based on industry sales data reported by the Investment Company Institute (January 2001), Alliance Capital's market share in the U.S. mutual fund industry is 1.44% of total industry assets and Alliance Capital accounted for 1.59% of total open-end industry sales in the U.S. during 2000. 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 sales of mutual fund shares that are not as important in institutional investment management services. These factors include the level and quality of shareholder services (see "Shareholder and Administration Services" below) and the amounts and types of distribution assistance and administrative services payments. Alliance Capital believes that its compensation programs with financial intermediaries are competitive with others in the industry.

Under current interpretations of the Glass-Steagall Act and other laws and regulations governing depository institutions, banks and certain of their affiliates generally are permitted to act as agent for their customers in connection with the purchase of mutual fund shares and to receive as compensation a portion of the sales charges paid with respect to such purchases. During 2000 banks and their affiliates accounted for approximately 8.5% of the sales of shares of open-end U.S. Funds and Variable Products.

Investment Management Agreements and Fees. Investment management fees from the Alliance Mutual Funds, EQAT and the Variable Products are based upon a percentage of average net assets. As certain of the U.S. Funds have grown, fee schedules have been revised to provide lower incremental fees above certain asset levels. Fees paid by the U.S. Funds and EQAT are fixed annually by negotiation between Alliance Capital and the board of directors or trustees of each U.S. Fund and EQAT, including a majority of the disinterested directors or trustees. Changes in fees must be approved by the shareholders of each U.S. Fund and EQAT. In general, the investment management agreements with the U.S. Funds and EQ Advisors Trust provide for termination at any time upon 60 days' notice.

Under each investment management agreement with a U.S. Fund, Alliance Capital provides the U.S. Fund with investment management services, office space and order placement facilities and pays all compensation of directors or trustees and officers of the U.S. Fund who are affiliated persons of Alliance Capital. Each U.S. Fund pays all of its other expenses. If the expenses of a U.S. Fund exceed an expense limit established under the securities laws of any state in which shares of that U.S. Fund are qualified for sale or as prescribed in the U.S. Fund's investment management agreement, Alliance Capital absorbs such excess through a reduction in the investment management fee. Currently, Alliance Capital believes that California and South Dakota are the only states to impose such a limit. The expense ratios for the U.S. Funds during their most recent fiscal year ranged from 0.65% to 3.22%. In connection with newly organized U.S. Funds, Alliance Capital may also agree to reduce its fee or bear certain expenses to limit expenses during an initial period of operations.

*Cash Management Service*s

Alliance Capital provides cash management services to individual investors through a product line comprising 17 money market fund portfolios, including one offshore money market fund domiciled in the Cayman Islands and 3 types of brokered money market deposit accounts. Net assets in these products as of December 31, 2000 totaled approximately $29.5 billion.

	Net Assets as of December 31, 2000
	(in millions)
Money Market Funds:	
Alliance Capital Reserves (two portfolios)	$14,213.1
Alliance Government Reserves (two portfolios)	8,189.7
Alliance Municipal Trust (nine portfolios)	4,566.7
Alliance Money Market Fund (three portfolios)	1,487.0
ACM International Reserves (one portfolio)	693.8
Money Market Deposit Accounts (three products)	388.9
Joint Venture Subsidiaries and Affiliates (1)	2.0
Total	$29,541.2

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

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

On December 31, 2000 more than 99% of the assets invested in Alliance Capital's cash management programs were attributable to regional broker-dealers and other financial intermediaries, with the remainder coming directly from the public. On December 31, 2000 more than 500 financial intermediaries offered Alliance Capital's cash management services. Alliance Capital's money market fund market share (not including deposit products), as computed based on market data reported by the Investment Company Institute (December 2000), has increased from 1.75% of total money market fund industry assets at the end of 1995 to 2.04% at December 31, 2000.

Alliance Capital makes payments to financial intermediaries for distribution assistance and shareholder servicing and administration. Alliance Capital's money market funds pay fees to Alliance Capital at annual rates of up to 0.25% of average daily net assets pursuant to "Rule 12b-1" distribution plans except for Alliance Money Market Fund which pays a fee of up to 0.45% of its average daily net assets. Such payments are supplemented by Alliance Capital in making payments to financial intermediaries under the distribution assistance and shareholder servicing and administration program. During 2000 such supplemental payments totaled approximately $77.4 million ($66.6 million in 1999). There are 7 employees of Alliance Capital who devote their time exclusively to marketing Alliance Capital's cash management services.

A principal risk to Alliance Capital's cash management services business is the acquisition of its participating financial intermediaries by companies that are competitors or that plan to enter the cash management services business. As of December 31, 2000 the five largest participating financial intermediaries were responsible for assets aggregating approximately $29.0 billion, or 76.5% of the cash management services total.

Many of the financial intermediaries whose customers utilize Alliance Capital's cash management services are broker-dealers whose customer accounts are carried, and whose securities transactions are cleared and settled, by the Pershing Division ("Pershing") of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ Securities Corporation"), a subsidiary of AXA Financial until November 3, 2000. Pursuant to an agreement between Pershing and Alliance Capital, Pershing recommends that certain of its correspondent firms use Alliance Capital's money market funds and other cash management products. As of December 31, 2000 DLJ Securities Corporation and these Pershing correspondents were responsible for approximately $23.0 billion or 60.8% of Alliance Capital's total cash management assets. Pershing may terminate its agreement with Alliance Capital on 180 days' notice. If the agreement were terminated, Pershing would be under no obligation to recommend or in any way assist in the sale of Alliance Capital's cash management products and would be free to recommend or assist in the sale of competitive products.

Alliance Capital's money market funds are investment companies registered under the Investment Company Act and are managed under the supervision of boards of directors or trustees, which include disinterested directors or trustees who must approve investment management agreements and certain other matters. The investment management agreements between the money market funds and Alliance Capital provide for an expense limitation of 1% per annum or less of average daily net assets. See "Mutual Funds Management - Investment Management Agreements and Fees".

Shareholder and Administration Services

Alliance Global Investor Services, Inc. ("AGIS"), a wholly-owned subsidiary of Alliance Capital, provides registrar, dividend disbursing and transfer agency related services for each U.S. Fund and provides servicing for each U.S. Fund's shareholder accounts. As of December 31, 2000 AGIS employed 654 people. AGIS operates out of offices in Secaucus, New Jersey, San Antonio, Texas, and Scranton, Pennsylvania. Under each servicing agreement AGIS receives a monthly fee. Each servicing agreement must be approved annually by the relevant U.S. Fund's board of directors or trustees, including a majority of the disinterested directors or trustees, and may be terminated by either party without penalty upon 60 days' notice.

Most U.S. Funds utilize Alliance Capital and AGIS personnel to perform legal, clerical and accounting services not required to be provided by Alliance Capital. Payments by a U.S. Fund for these services must be specifically approved in advance by the U.S. Fund's board of directors or trustees. Currently, Alliance Capital and AGIS are accruing revenues for providing clerical and accounting services to the U.S. Funds and these closed-end funds at the rate of approximately $11.6 million per year.

ACM Global Investor Services S.A. ("ACMGIS") a wholly-owned subsidiary of Alliance Capital, is the registrar and transfer agent of substantially all of the Offshore Funds. As of December 31, 2000 ACMGIS employed 41 people. ACMGIS operates out of offices in Luxembourg and receives a monthly fee for its registrar and transfer agency services. Each agreement between ACMGIS and an Offshore Fund may be terminated by either party upon 60 days' notice.

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

INSTITUTIONAL RESEARCH SERVICES

Institutional Research Services consist of in-depth research, portfolio strategy, trading and brokerage related services provided to institutional investors such as pension managers, mutual fund managers and other institutional investors who manage assets and look to Sanford C. Bernstein & Co., LLC ("SCB LLC"), a wholly owned subsidiary of Alliance Capital, to provide services to support their asset management activities. As of December 31, 2000 SCB LLC served over 770 clients in the U.S. and over 180 in Europe, Australia and the Far East.

SCB LLC earns revenues from institutional services by providing investment research and by executing brokerage transactions for research clients on an agency basis. In the case of research, research clients provide compensation principally by directing brokerage transactions to SCB LLC in return for SCB LLC research products. These services accounted for 2.2% of Alliance Capital's revenues in 2000. SCB LLC is occasionally invited to and chooses to participate in underwriting syndicates for equity issuances.

The following table sets forth institutional services revenues for each of the periods presented:

Revenues From Institutional Research Services
(in thousands)

	Years Ended December 31,			
1996	1997	1998	1999	2000
Transaction Charges:				

U.S. Clients	-	-	-	-	$44,970
Non-U.S. Clients	-	-	-	-	10,344
	-	-	-	-	55,314
Syndicate Participation and Other	-	-	-	-	975
Total	$-	$-	$-	$-	$56,289

COMPETITION

The financial services industry is highly competitive and new entrants are continually attracted to it. No one or small number of competitors is dominant in the industry. Alliance Capital is subject to substantial competition in all aspects of its business. Pension fund, institutional and corporate assets are managed by investment management firms, broker-dealers, banks and insurance companies. Many of these financial institutions have substantially greater resources than Alliance Capital. Alliance Capital competes with other providers of institutional investment products and services primarily on the basis of the range of investment products offered, the investment performance of such products and the services provided to clients. Based on an annual survey conducted by *Pensions & Investments*, as of December 31, 1999 Alliance Capital and Bernstein were ranked 11th. and 38th. out of 732 managers based on U.S. tax-exempt assets under management. Based on that survey, Alliance Capital ranked lst. in active domestic large cap growth equity managers and Bernstein was ranked lst. in active domestic large cap value equity managers. Additionally, Alliance Capital was ranked 5th. out of the 21 largest managers of international index assets, 7th. out of the 25 largest managers of domestic equity index funds and 14th. out of the 25 largest domestic bond index managers.

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

CUSTODY AND BROKERAGE

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

Alliance Capital generally has the discretion to select the brokers or dealers to be utilized to execute transactions for client accounts. SCB LLC effects transactions for client accounts only if specifically authorized or directed by the client.

REGULATION

Alliance Capital, Alliance Holding, and Alliance are investment advisers registered under the Investment Advisers Act. Each U.S. Fund is registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act and the shares of most U.S. Funds are qualified for sale in all states in the United States and the District of Columbia, except for U.S. Funds offered only to residents of a particular state. AGIS is registered with the SEC as a transfer agent. SCB LLC and AFD are registered with the SEC as broker–dealers. SCB LLC is a member of the NYSE. SCB LLC and AFD are subject to minimum net capital requirements ($8.4 million and $14.4 million, respectively, at December 31, 2000) imposed by the SEC on registered broker–dealers and had aggregate regulatory net capital of $164.9 million and $45.6 million, respectively, at December 31, 2000.

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

Alliance Capital's assets under management and revenues derived from the general accounts of Equitable and its insurance company subsidiary are directly affected by the investment policies for the general accounts. Among the numerous factors influencing general account investment policies are regulatory factors, such as (i) laws and regulations that require diversification of the investment portfolios and limit the amount of investments in certain investment categories such as below investment grade fixed maturities, equity real estate and equity interests, (ii) statutory investment valuation reserves, and (iii) risk-based capital guidelines for life insurance companies approved by the National Association of Insurance Commissioners. These policies have resulted in the shifting of general account assets managed by Alliance Capital into categories with lower management fees.

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

EMPLOYEES

As of December 31, 2000 Alliance Capital and its subsidiaries employed 4,438 employees, including 605 investment professionals, of whom 221 are portfolio managers, 292 are research analysts and 81 are order placement specialists. The average period of employment of these professionals with Alliance Capital is approximately 7 years and their average investment experience is approximately 13 years. Alliance Capital considers its employee relations to be good.

SERVICE MARKS

Alliance Capital has registered a number of service marks with the U.S. Patent and Trademark Office, including an "A" design logo and the combination of such logo and the words "Alliance" and "Alliance Capital". Each of these service marks was registered in 1986. As a result of the Bernstein Acquisition, Alliance Capital acquired all of the rights and title in and to the Bernstein service marks, including a "Bee" design logo, the name Bernstein and a combination of such logo and the word Bernstein. These marks were registered in 1982, 1981 and 1981, respectively.

Item 2. Properties

Alliance Capital's and Alliance Holding's principal executive offices at 1345 Avenue of the Americas, New York, New York are occupied pursuant to a lease which extends until 2019. Alliance Capital currently occupies approximately 494,127 square feet of space at this location. Alliance Capital also occupies approximately 114,097 square feet of space at 135 West 50th. Street, New York, New York, and approximately 161,340 square feet of space at 767 Fifth Avenue, New York, New York, under leases expiring in 2016, and 2002 and 2005, respectively. Alliance Capital also occupies approximately 4,594 square feet of space at 709 Westchester Avenue, White Plains, New York, 42,254 square feet of space at 925 Westchester Avenue, White Plains, New York, 4,341 square feet of space at One North Broadway, White Plains, New York, and 128,587 square feet of space at One North Lexington, White Plains, New York under leases expiring in 2008, 2008, 2008 and 2013, respectively. Alliance Capital and its subsidiaries, AFD and AGIS, occupy approximately 134,261 square feet of space in Secaucus, New Jersey, approximately 92,067 square feet of space in San Antonio, Texas, and approximately 60,653 square feet of space in Scranton, Pennsylvania, under leases expiring in 2016, 2009, and 2005, respectively.

Alliance Capital also leases space in 10 cities in the United States and its subsidiaries and affiliates lease space in London, England, Tokyo, Japan, and 24 other cities outside the United States.

Item 3. Legal Proceedings

Alliance Capital and Alliance Holding are involved in various inquiries, administrative proceedings and litigation, some of which allege substantial damages. While any proceeding or litigation has the element of uncertainty, Alliance Capital and Alliance Holding believe that the outcome of any lawsuit or claim that is pending or threatened, or all of them combined, will not have a material adverse effect on Alliance Capital's or Alliance Holding's results of operations or financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

Neither Alliance Capital nor Alliance Holding submitted a matter to a vote of security holders during the fourth quarter of 2000.

PART II

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

Market for the Alliance Capital Units and the Alliance Holding Units

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

On March 1, 2001 there were approximately 675 Alliance Capital Unitholders of record.

The Alliance Holding Units are traded on the NYSE. The high and low sale prices on the NYSE during each quarter of Alliance Holding's two most recent fiscal years were as follows:

2000	High	Low
First Quarter	43 7/8	29 5/16
Second Quarter	50 3/8	38 3/8
Third Quarter	56 11/16	46
Fourth Quarter	54 7/16	42 1/2

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

On March 1, 2001 the closing price of the Alliance Holding Units on the NYSE was $46.78 per Unit. On March 1, 2001 there were approximately 1,746 Alliance Holding Unitholders of record.

Cash Distributions

Each of Alliance Capital and Alliance Holding distributes on a quarterly basis all of its Available Cash Flow (as defined in each Partnership Agreement). Prior to the Reorganization, Alliance Holding's Available Cash Flow was derived from the operations now conducted by Alliance Capital. Subsequent to the completion of the Reorganization in the fourth quarter of 1999, when Alliance Capital commenced operations, Alliance Holding's principal sources of income and cash flow are attributable to its ownership of Alliance Capital Units.

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

Alliance Capital made the following distributions of Available Cash Flow in respect of 2000:

Quarter During 2000 In Respect of Which a Cash Distribution Was Paid From Available Cash Flow	Amount of Cash Distribution Per Alliance Capital Unit	Payment Date

First Quarter	$0.815	May 18, 2000
Second Quarter	0.820	August 17, 2000
Third Quarter	0.905	November 22, 2000
Fourth Quarter	0.860	February 23, 2001
	$3.40	

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

Quarter During 2000 In Respect of Which a Cash Distribution Was Paid From Available Cash Flow	Amount of Cash Distribution Per Alliance Holding Unit	Payment Date
First Quarter	$0.74	May 18, 2000
Second Quarter	0.75	August 17, 2000
Third Quarter	0.84	November 22, 2000
Fourth Quarter	0.78	February 23, 2001
	$3.11	

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

Item 6. Selected Financial Data

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

	Alliance Capital Management Holding L.P. (1)				
	Years Ended December 31,				
	2000	1999	1998	1997	1996
INCOME STATEMENT DATA:					
Revenues:					
Equity in earnings of Operating Partnership	$244,922	$52,665	$-	$-	$-
Investment advisory and services fees	-	1,007,503	952,992	698,979	564,032
Distribution revenues	-	354,161	301,846	216,851	169,071
Shareholder servicing fees	-	50,696	43,475	36,327	31,272
Other revenues	-	26,130	25,743	23,179	24,142
	244,922	1,491,155	1,324,056	975,336	788,517
Expenses:					
Employee compensation and benefits	-	370,795	340,923	264,251	214,880
Promotion and servicing:					
Distribution plan payments	-	274,920	266,400	181,080	145,645
Amortization of deferred sales commissions	-	132,713	108,853	73,841	53,144
Other	-	94,934	85,087	57,245	48,868
General and administrative	-	151,369	162,323	120,283	100,854
Interest	-	16,729	7,586	2,968	1,923
Amortization of intangible assets	-	3,211	4,172	7,006	15,613
Non-recurring items, net	-	-	-	120,900	-
	-	1,044,671	975,344	827,574	580,927
Income before income taxes	244,922	446,484	348,712	147,762	207,590
Income taxes	20,952	63,642	55,796	18,806	14,244

Net income	$223,970	$382,842	$292,916	$128,956	$193,346
NET INCOME PER ALLIANCE HOLDING UNIT: (2) (3)					
Basic net income per Alliance Holding Unit	$3.10	$2.61	$1.71	$0.76	$1.15
Diluted net income per Alliance Holding Unit	$2.93	$2.53	$1.66	$0.74	$1.13
NET OPERATING EARNINGS PER ALLIANCE HOLDING UNIT: (2) (3) (4)					
Diluted net income per Alliance Holding Unit	$2.93	$2.53	$1.66	$0.74	$1.13
Amortization of intangible assets per Alliance Holding Unit	$0.22	$0.02	$0.02	$0.04	$0.09
Non-recurring items per Alliance Holding Unit	$-	$-	$-	$0.70	$-
Net operating earnings per Alliance Holding Unit	$3.15	$2.55	$1.68	$1.48	$1.22
PERFORMANCE FEES PER ALLIANCE HOLDING UNIT: (2) (3) (4)					
Base fee earnings per Alliance Holding Unit	$3.00	$2.22	$1.55	$1.37	$1.16
Performance fee earnings per Alliance Holding Unit	$0.15	$0.33	$0.13	$0.11	$0.06
Net operating earnings per Alliance Holding Unit	$3.15	$2.55	$1.68	$1.48	$1.22
CASH DISTRIBUTIONS PER ALLIANCE HOLDING UNIT (2)(5)	$3.11	$2.49	$1.62	$1.40	$1.095
BALANCE SHEET DATA AT PERIOD END:					
Total assets	$1,268,837	$272,060	$1,132,592	$784,460	$725,897
Debt and long-term obligations (6)	$-	$-	$238,089	$130,429	$52,629
Partners' capital	$1,260,550	$265,608	$430,273	$398,051	$476,020
ASSETS UNDER MANAGEMENT AT PERIOD END (in millions) (7)	$-	$-	$286,659	$218,654	$182,792

(1) As discussed in Notes 1 and 3 to the consolidated financial statements, the financial information above reflects the consolidated operations of Alliance Capital Management Holding L.P. ("Alliance Holding") prior to the Reorganization effective October 29, 1999 and the use of the equity method of reporting thereafter.

(2) Alliance Holding Unit and per Alliance Holding Unit amounts for all periods prior to the two-for-one Alliance Holding Unit split in 1998 have been restated.

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

(4) Net operating earnings per Unit: Diluted net income per Unit excluding Alliance Holding's proportionate share of Alliance Capital Management L.P.'s amortization of intangible assets and non-recurring items

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

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

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

-

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

	Operating Partnership (1)		Alliance Capital Management Holding L.P.		
	Years Ended December 31,				
	2000	1999	1998	1997	1996
INCOME STATEMENT DATA:					
Revenues:					
Investment advisory and services fees	$1,689,817	$1,331,758	$952,992	$698,979	$564,032
Distribution revenues	621,622	441,772	301,846	216,851	169,071
Institutional research services	56,289	-	-	-	-
Shareholder servicing fees	85,645	62,332	43,475	36,327	31,272
Other revenues, net	68,726	33,443	25,743	23,179	24,142
	2,522,099	1,869,305	1,324,056	975,336	788,517
Expenses:					
Employee compensation and benefits	651,884	508,566	340,923	264,251	214,880
Promotion and servicing:					
Distribution plan payments	476,039	346,642	266,400	181,080	145,645
Amortization of deferred sales commissions	219,664	163,942	108,853	73,841	53,144
Other	148,740	110,144	85,087	57,245	48,868
General and administrative	226,710	184,754	162,323	120,283	100,854
Interest	44,244	22,585	7,586	2,968	1,923
Amortization of intangible assets	46,252	3,852	4,172	7,006	15,613
Non-recurring items, net	(779)	-	-	120,900	-
	1,812,754	1,340,485	975,344	827,574	580,927

Income before income taxes	709,345	528,820	348,712	147,762	207,590
Income taxes	40,596	67,171	55,796	18,806	14,244
Net income	$668,749	$461,649	$292,916	$128,956	$193,346
Net income excluding performance fees	$632,046	$398,416	$270,366	$109,572	$182,490
Net operating earnings [2]	$714,222	$465,501	$297,088	$256,862	$208,959
NET INCOME PER UNIT: [3] [4]					
Basic net income per Unit	$3.31	$2.67	$1.71	$0.76	$1.15
Diluted net income per Unit	$3.20	$2.59	$1.66	$0.74	$1.13
NET OPERATING EARNINGS PER UNIT: [3] [4]					
Diluted net income per Unit	$3.20	$2.59	$1.66	$0.74	$1.13
Amortization of intangible assets per Unit	$0.22	$0.02	$0.02	$0.04	$0.09
Non-recurring items per Unit	$-	$-	$-	$0.70	$-
Net operating earnings per Unit	$3.42	$2.61	$1.68	$1.48	$1.22
PERFORMANCE FEES PER UNIT: [3] [4]					
Base fee earnings per Unit	$3.24	$2.24	$1.55	$1.37	$1.16
Performance fee earnings per Unit	$0.18	$0.37	$0.13	$0.11	$0.06
Net operating earnings per Unit	$3.42	$2.61	$1.68	$1.48	$1.22
CASH DISTRIBUTIONS PER UNIT [3] [5]	$3.40	$2.55	$1.62	$1.40	$1.095
BALANCE SHEET DATA AT PERIOD END:					
Total assets	$8,270,762	$1,661,061	$1,132,592	$784,460	$725,897
Debt and long-term obligations [6]	$933,475	$491,004	$238,089	$130,429	$55,629
Partners' capital	$4,133,677	$552,667	$430,273	$398,051	$476,020
ASSETS UNDER MANAGEMENT AT PERIOD END (in millions) [7]	$453,679	$368,321	$286,659	$218,654	$182,792

(1) As discussed in Notes 1 and 3 to the consolidated financial statements, the financial information above reflects the operations of Alliance Capital Management Holding L.P. prior to the Reorganization effective October 29, 1999 and Alliance Capital Management L.P. (the "Operating Partnership") thereafter.
(2) Net operating earnings: Net income excluding amortization of intangible assets and non-recurring items.
(3) Unit and per Unit amounts for all periods prior to the two-for-one Unit split in 1998 have been restated.
(4) Earnings per Unit amounts prior to 1997 have been restated as required to comply with Statement of Financial Accounting Standards No. 128, Earnings Per Share.
(5) The Operating Partnership is required to distribute all of its Available Cash Flow, as defined in the Alliance Capital Partnership Agreement, to the General Partner and Alliance Capital Unitholders.
(6) Includes accrued expenses under employee benefit plans due after one year and debt.
(7) Assets under management exclude certain non-discretionary relationships and include 100% of assets managed by unconsolidated affiliates.

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

ALLIANCE HOLDING
REORGANIZATION AND BERNSTEIN ACQUISITION

Effective October 29, 1999, Alliance Holding reorganized by transferring its business to Alliance Capital in exchange for all of the Alliance Capital Units. As part of the Reorganization, Alliance Holding offered each Alliance Holding Unitholder the opportunity to exchange Alliance Holding Units for Alliance Capital Units on a one-for-one basis. The Operating Partnership recorded the transferred assets and assumption of liabilities at the amounts reflected in Alliance Holding's books and records on the date of transfer. Since the Reorganization, the Operating Partnership has conducted the diversified investment management services business formerly conducted by Alliance Holding, and Alliance Holding's business has consisted of holding Alliance Capital Units and engaging in related activities. Alliance, an indirect wholly owned subsidiary of AXA Financial, is the general partner of both Alliance Holding and the Operating Partnership. AXA Financial is an indirect wholly owned subsidiary of AXA, a French company, that is a holding company for an international group of insurance and related financial services companies. Alliance Capital is a registered investment adviser under the Investment Advisers Act of 1940. Alliance Holding Units are publicly traded on the New York Stock Exchange while Alliance Capital Units do not trade publicly and are subject to significant restrictions on transfer.

On October 2, 2000, the Operating Partnership acquired the business and assets of SCB Inc., an investment research and management company formerly known as Bernstein, and assumed the liabilities of Bernstein. The purchase price consisted of a cash payment of $1.4754 billion and 40.8 million newly issued Alliance Capital Units. AXA Financial purchased approximately 32.6 million newly issued Alliance Capital Units for $1.6 billion on June 21, 2000 to fund the cash portion of the purchase price.

At December 31, 2000, Alliance Holding owned approximately 73.2 million, or 30%, of the issued and outstanding Alliance Capital Units. Alliance owns 100,000 general partnership Units in Alliance Holding and a 1% general partnership interest in the Operating Partnership. At December 31, 2000, AXA Financial was the beneficial owner of approximately 2% of the outstanding Alliance Holding Units and approximately 53% of the outstanding Alliance Capital Units which, including the general partnership interests in the Operating Partnership and Alliance Holding, represents an economic interest of approximately 53% in the Operating Partnership. At December 31, 2000, SCB Partners Inc., a wholly owned subsidiary of SCB Inc., was the beneficial owner of approximately 17% of the outstanding Alliance Capital Units.

The Operating Partnership provides diversified investment management and related services globally to a broad range of clients including (a) institutional investors, consisting of unaffiliated entities such as corporate and public employee pension funds, endowment funds, domestic and foreign institutions and governments and affiliates such as AXA and its insurance company subsidiaries, by means of separate accounts, sub-advisory relationships resulting from the efforts of the institutional marketing department, structured products, group trusts and mutual funds and classes of mutual fund shares sold

exclusively to institutional investors and high net worth individuals, (b) private clients, consisting of high net worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations and other entities, by means of separate accounts, hedge funds and certain other vehicles, (c) individual investors by means of publicly distributed mutual funds sponsored by the Operating Partnership, its subsidiaries and affiliated joint venture companies including cash management products such as money market funds and deposit accounts and sub-advisory relationships in respect of mutual funds sponsored by third parties resulting from the efforts of the mutual fund marketing department ("Alliance Mutual Funds") and "wrap" products, and (d) institutional investors by means of in-depth research, portfolio strategy, trading and brokerage-related services. The Operating Partnership and its subsidiaries provide investment management, distribution and shareholder and administrative services to the Alliance Mutual Funds.

The Alliance Holding consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes of the Operating Partnership included in this Annual Report on Form 10-K.

BASIS OF PRESENTATION

The pro forma financial information of Alliance Holding for all periods presented assumes the Reorganization occurred on January 1, 1998, and reflects Alliance Holding as a publicly traded partnership subject to the 3.5% federal tax on its partnership gross income from the active conduct of a trade or business. Subsequent to the Reorganization, Alliance Holding's principal sources of income and cash flow are attributable to its ownership of Operating Partnership Units. The pro forma financial information does not necessarily reflect the results of operations that would have been obtained had the Reorganization occurred on January 1, 1998, nor is the pro forma financial information necessarily indicative of the results of operations that may be achieved for any future period. Alliance Holding's investment in the Operating Partnership, which is accounted for under the equity method of accounting, will be increased by its pro rata share of the Operating Partnership's income and will be decreased by its pro rata share of the Operating Partnership's losses or distributions made by the Operating Partnership. A discussion of the actual results of Alliance Holding for the year ended December 31, 1999 compared to the year ended December 31, 1998 is not considered meaningful due to the Reorganization (equity method of accounting as compared to consolidated operating results) and therefore has not been included.

Net income of Alliance Holding of $224.0 million or $2.93 diluted net income per Unit for 2000 increased $37.9 million or $0.40 per Unit from pro forma net income of $186.1 million or $2.53 diluted net income per Unit for 1999. The increase reflects higher equity in earnings of the Operating Partnership, partially offset by a corresponding increase in income taxes primarily related to the 3.5% federal tax on partnership gross income from the active conduct of a trade or business.

Pro forma net income of Alliance Holding of $186.1 million or $2.53 diluted net income per Unit for 1999 increased $66.2 million or $0.87 per Unit from pro forma net income of $119.9 million or $1.66 diluted net income per Unit for 1998. The increase reflects higher equity in earnings of the Operating Partnership, partially offset by a corresponding increase in income taxes primarily related to the 3.5% federal tax on partnership gross income from the active conduct of a trade or business.

CAPITAL RESOURCES AND LIQUIDITY

Alliance Holding's partners' capital was $1,260.6 million at December 31, 2000, an increase of $995.0 million or 374.6% from $265.6 million at December 31, 1999. The increase is primarily due to $1,010.5 million representing Alliance Holding's proportionate share of certain partners' capital transactions of the Operating Partnership and net income of $224.0 million, partially offset by cash distributions to Alliance Holding Unitholders of $229.2 million.

Alliance Holding's partners' capital was $265.6 million at December 31, 1999, a decrease of $164.7 million or 38.3% from $430.3 million at December 31, 1998. The decrease principally reflects net income of $382.8 million less cash distributions to Alliance Holding Unitholders of $260.7 million and a reduction of $303.4 million recorded in connection with the Reorganization. The decrease recorded in connection with the Reorganization reflects the transfer, at book value, of $518.8 million in Alliance Holding's partners' capital to the Operating Partnership in exchange for Alliance Holding's receipt of all Alliance Capital Units and the exchange by Alliance Holding Unitholders of approximately 58% of the then-outstanding Alliance Holding Units for Alliance Capital Units, which resulted in an initial investment of $215.4 million.

Alliance Holding's cash and cash equivalents remained unchanged in 2000. Cash inflows included $229.2 million from operations. Cash outflows included $229.2 million in distributions to Alliance Holding Unitholders and cash used in investment activities of $19.7 million.

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

CASH DISTRIBUTIONS

Subsequent to the Reorganization, Alliance Holding's principal sources of income and cash flow are attributable to its ownership of Alliance Capital Units. Alliance Holding is required to distribute all of its Available Cash Flow, as defined in the Alliance Holding Partnership Agreement, to its Partners and Alliance Holding Unitholders. Alliance Holding's Available Cash Flow and distributions per Alliance Holding Unit for the years ended December 31, 2000, 1999 and 1998 were as follows:

AVAILABLE CASH FLOW:

	2000	1999	1998
Available Cash Flow (in thousands)	$224,693	$345,061	$278,363
Distributions per Alliance Holding Unit	$3.11	$2.49	$1.62

COMMITMENTS AND CONTINGENCIES

Alliance Capital and Alliance Holding are involved in various inquiries, administrative proceedings and litigation, some of which allege substantial damages. While any proceeding or litigation has the element of uncertainty, Alliance Capital and Alliance Holding believe that the outcome of any lawsuit or claim that is pending or threatened, or all of them combined will not have a material adverse effect on Alliance Capital's or Alliance Holding's results of operations or financial condition.

CHANGES IN ACCOUNTING PRINCIPLES

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), *"Accounting for Derivative Instruments and Hedging Activities"*. Management adopted this statement on January 1, 2001, and the adoption did not have a material effect on Alliance Holding's results of operations, liquidity, or capital resources.

In December 1999, the Securities Exchange Commission ("SEC") issued SEC Staff Accounting Bulletin No. 101 *Revenue Recognition in Financial Statements* ("SAB 101"). Management adopted SAB 101 in fourth quarter 2000 and its adoption did not have a material effect on the Operating Partnership's financial condition, results of operations, liquidity or capital resources.

FORWARD-LOOKING STATEMENTS

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

ALLIANCE CAPITAL
REORGANIZATION AND BERNSTEIN ACQUISITION

Effective October 29, 1999, Alliance Holding reorganized by transferring its business to Alliance Capital in exchange for all of the Alliance Capital Units. As part of the Reorganization, Alliance Holding offered each Alliance Holding Unitholder the opportunity to exchange Alliance Holding Units for Alliance Capital Units on a one-for-one basis. The Operating Partnership recorded the transferred assets and assumption of liabilities at the amounts reflected in Alliance Holding's books and records on the date of transfer. Since the Reorganization, the Operating Partnership has conducted the diversified investment management services business formerly conducted by Alliance Holding, and Alliance Holding's business has consisted of holding Alliance Capital Units and engaging in related activities. Alliance , an indirect wholly-owned subsidiary of AXA Financial, is the general partner of both Alliance Holding and the Operating Partnership. AXA Financial is an indirect wholly owned subsidiary of AXA, a French company, that is a holding company for an international group of insurance and related financial services companies. Alliance Capital is a registered investment adviser under the Investment Advisers Act of 1940. Alliance Holding Units are publicly traded on the New York Stock Exchange while Alliance Capital Units do not trade publicly and are subject to significant restrictions on transfer.

On October 2, 2000, the Operating Partnership acquired the business and assets of SCB Inc., an investment research and management company formerly known as Bernstein, and assumed the liabilities of Bernstein. The purchase price consisted of a cash payment of $1.4754 billion and 40.8 million newly issued Alliance Capital Units. AXA Financial purchased approximately 32.6 million newly issued Alliance Capital Units for $1.6 billion on June 21, 2000 to fund the cash portion of the purchase price.

At December 31, 2000, Alliance Holding owned approximately 73.2 million, or 30%, of the issued and outstanding Alliance Capital Units. Alliance owns 100,000 general partnership Units in Alliance Holding and a 1% general partnership interest in the Operating Partnership. At December 31, 2000, AXA Financial was the beneficial owner of approximately 2% of the outstanding Alliance Holding Units and approximately 53% of the outstanding Alliance Capital Units which, including the general partnership interests in the Operating Partnership and Alliance Holding, represents an economic interest of approximately 53% in the Operating Partnership. At December 31, 2000, SCB Partners Inc., a wholly owned subsidiary of SCB Inc., was the beneficial owner of approximately 17% of the outstanding Alliance Capital Units.

THE OPERATING PARTNERSHIP

The Operating Partnership provides diversified investment management and related services globally to a broad range of clients including (a) institutional investors, consisting of unaffiliated entities such as corporate and public employee pension funds, endowment funds, domestic and foreign institutions and governments and affiliates such as AXA and its insurance company subsidiaries, by means of separate accounts, sub-advisory relationships resulting from the efforts of the institutional marketing department, structured products, group trusts and mutual funds and classes of mutual fund shares sold exclusively to institutional investors and high net worth individuals, (b) private clients, consisting of high net worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations and other entities, by means of separate accounts, hedge funds and certain other vehicles, (c) individual investors by means of publicly distributed mutual funds sponsored by the Operating Partnership, its subsidiaries and affiliated joint venture companies including cash management products such as money market funds and deposit accounts and sub-advisory relationships in respect of mutual funds sponsored by third parties resulting from the efforts of the mutual fund marketing department ("Alliance Mutual Funds") and "wrap" products, and (d) institutional investors by means of in-depth research, portfolio strategy, trading and brokerage-related services. The Operating Partnership and its subsidiaries provide investment management, distribution and shareholder and administrative services to the Alliance Mutual Funds.

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

The Operating Partnership's revenues are largely dependent on the total value and composition of assets under its management. Assets under management grew 23.2% to $453.7 billion as of December 31, 2000 primarily as a result of the Bernstein Acquisition, which added $85.8 billion at October 2, 2000, and continuing net sales of Alliance Mutual Funds, offset by market depreciation. Active equity and balanced account assets under management, which comprise approximately 63.5% of total assets under management, grew 31.3%. Active fixed income account assets under management, which comprise 28.7% of total assets under management, increased by 14.7%.

On December 22, 1998, a subsidiary of Alliance Holding acquired Whittingdale Holdings Limited ("Whittingdale"). The purchase price consists of an initial payment of $4.8 million in cash and deferred payments of $3.5 million and $3.2 million, based on the attainment of certain revenue levels by Whittingdale. In connection with the Reorganization, the Operating Partnership assumed all of Alliance Holding's rights and obligations with respect to the Whittingdale acquisition. The Operating Partnership also has agreed to pay up to $6.7 million to the former owner of Whittingdale. The amount of this payment is based upon revenues in the year 2003 and will be expensed if and when the payment is incurred.

In 2000, sales of Alliance Mutual Fund shares grew to $58.1 billion compared to sales of $47.6 billion in 1999. The increase, principally equity funds sold to both U.S. and non-U.S. investors, reduced by an increase in mutual fund redemptions, resulted in net Alliance Mutual Fund sales of $23.0 billion, a decrease of 16.1% from $27.4 billion in 1999.

ASSETS UNDER MANAGEMENT[(1)]
(Dollars in billions)

	12/31/00	12/31/99	% Change	12/31/99	12/31/98	% Change
Retail	$163.3	$155.2	5.2%	$155.2	$108.4	43.2%
Institutional investment management	253.6	207.6	22.2	207.6	174.0	19.3

Private client	36.8	5.5	569.1	5.5	4.3	27.9
	$453.7	$368.3	23.2%	$368.3	$286.7	28.5%

ASSETS UNDER MANAGEMENT BY INVESTMENT ORIENTATION[1]
(Dollars in billions)

	12/31/00	12/31/99	% Change	12/31/99	12/31/98	% Change
Active equity & balanced - Growth						
Domestic	$166.9	$180.2	(7.4)%	$180.2	$133.2	35.3%
Global & international	30.5	27.9	9.3	27.9	12.5	123.2
Active equity & balanced - Value						
Domestic	72.6	11.2	548.2	11.2	8.9	25.8
Global & international	18.3	0.2	9,050.0	0.2	0.1	100.0
Total active equity & balanced	288.3	219.5	31.3	219.5	154.7	41.9
Active fixed income						
Domestic	109.1	97.6	11.8	97.6	88.5	10.3
Global & international	20.9	15.7	33.1	15.7	14.1	11.3
Passive						
Domestic	30.0	29.1	3.1	29.1	24.7	17.8
Global & international	5.4	6.4	(15.6)	6.4	4.7	36.2
Total	$453.7	$368.3	23.2%	$368.3	$286.7	28.5%

AVERAGE ASSETS UNDER MANAGEMENT[1]
(Dollars in billions)

	2000	1999	% Change	1999	1998	% Change
Retail	$167.7	$125.8	33.3%	$125.8	$93.2	35.0%
Institutional investment management	220.7	184.0	19.9	184.0	154.2	19.3
Private client	11.5	4.8	139.6	4.8	3.1	54.8
Total	$399.9	$314.6	27.1%	$314.6	$250.5	25.6%

ANALYSIS OF ASSETS UNDER MANAGEMENT [1]
(Dollars in billions)

	2000				1999			
	Retail	Institutional Investment Mgmt	Private Client	Total	Retail	Institutional Investment Mgmt	Private Client	Total
Balance at January 1,	$155.2	$207.6	$5.5	$368.3	$108.4	$174.0	$4.3	$286.7
Bernstein Acquisition	-	55.0	30.8	85.8	-	-	-	-
Sales/new accounts	56.0	18.8	1.5	76.3	44.3	10.0	0.9	55.2
Redemptions/terminations	(32.9)	(11.5)	(1.9)	(46.3)	(20.7)	(3.6)	(0.2)	(24.5)
Net cash management sales	2.9	2.9	-	5.8	4.1	1.6	-	5.7
Cash flow	(0.6)	(6.0)	(0.5)	(7.1)	(2.8)	(4.3)	-	(7.1)
Net market appreciation (depreciation)	(17.3)	(13.2)	1.4	(29.1)	21.9	29.9	0.5	52.3
Net change	8.1	46.0	31.3	85.4	46.8	33.6	1.2	81.6
Balance at December 31,	$163.3	$253.6	$36.8	$453.7	$155.2	$207.6	$5.5	$368.3

(1) Excludes certain non-discretionary relationships. Includes 100% of assets under management by unconsolidated affiliates as follows: $2.7 billion retail assets and $1.1 billion institutional investment management assets at December 31, 2000 and $2.2 billion retail assets and $0.6 billion institutional investment management assets at December 31, 1999. The 1999 presentation has been reclassified to conform to the 2000 presentation.

Assets under management at December 31, 2000 were $453.7 billion, an increase of $85.4 billion or 23.2% from December 31, 1999. Retail assets under management at December 31, 2000 were $163.3 billion, an increase of $8.1 billion or 5.2% from December 31, 1999. This increase was due principally to net sales of $23.1 billion and net cash management sales of $2.9 billion, offset by market depreciation of $17.3 billion and net negative cash flows of $0.6 billion. Institutional investment management assets under management at December 31, 2000 were $253.6 billion, an increase of $46.0 billion or 22.2% from December 31, 1999. This increase was due to the Bernstein Acquisition which added $55.0 billion, net sales and new accounts of $7.3 billion and net institutional cash management sales of $2.9 billion, offset by net negative cash flows of $6.0 billion and market depreciation of $13.2 billion. Private

client assets under management at December 31, 2000 were $36.8 billion, an increase of $31.3 billion from December 31, 1999. This increase was due principally to the Bernstein Acquisition which added $30.8 billion and market appreciation of $1.4 billion, offset by net redemptions and account terminations of $0.4 billion and net negative cash flows of $0.5 billion.

Assets under management at December 31, 1999 were $368.3 billion, an increase of $81.6 billion or 28.5% from December 31, 1998. Retail assets under management at December 31, 1999 were $155.2 billion, an increase of $46.8 billion or 43.2% from December 31, 1998. This increase was due principally to net sales of $23.6 billion, net cash management sales of $4.1 billion and market appreciation of $21.9 billion, offset by net negative cash flows of $2.8 billion. Institutional money management assets under management at December 31, 1999 were $207.6 billion, an increase of $33.6 billion or 19.3% from December 31, 1998. This increase was due to market appreciation of $29.9 billion, net sales and new accounts of $6.4 billion and net institutional cash management sales of $1.6 billion, offset by net negative cash flows of $4.3 billion. Private client assets under management at December 31, 1999 were $5.5 billion, an increase of $1.2 billion from December 31, 1998. This increase was due principally to net sales and new accounts of $0.7 billion and market appreciation of $0.5 billion.

Cursitor Alliance LLC ("Cursitor Alliance"), a subsidiary of the Operating Partnership formed in connection with a 1996 acquisition, provides global asset allocation services to U.S. and non-U.S. institutional investors. Due to poor relative investment performance, Cursitor Alliance continues to experience client account terminations and asset withdrawals. Cursitor Alliance's assets under management aggregated $0.8 billion, $1.3 billion and $1.7 billion at December 31, 2000, 1999, and 1998, respectively. Cursitor Holdings, L.P. ("CHLP") exercised its option to require the Operating Partnership to purchase its minority interest in Cursitor Alliance for $10.0 million. See "Capital Resources and Liquidity". During the fourth quarter of 2000, management of the Operating Partnership determined that the remaining value of the intangible assets recorded in connection with this acquisition was impaired and wrote-off the remaining balance, resulting in a charge of $16.6 million.

BASIS OF PRESENTATION – FINANCIAL RESULTS

The following is a discussion of the results of operations for 2000 for the Operating Partnership compared to the 1999 combined results of operations of the Operating Partnership and, prior to the Reorganization, Alliance Holding, and of 1999 compared to 1998. The combined presentation is considered meaningful in understanding the diversified investment management business operated by Alliance Holding prior to the Reorganization and by the Operating Partnership thereafter. All information prior to the Reorganization is that of Alliance Holding.

Net income for 2000 increased $207.1 million or 44.9% to $668.7 million from net income of $461.6 million for 1999. Diluted net income per Unit for 2000 increased $0.61 or 23.6% to $3.20 from diluted net income per Unit of $2.59 for 1999. The increase was principally due to an increase in investment advisory and services fees, resulting from higher average assets under management, due principally to the Bernstein Acquisition, which was offset partially by higher operating expenses, principally employee compensation and benefits, promotion and servicing, and general and administrative expenses.

Net income for 1999 increased $168.7 million or 57.6% to $461.6 million from net income of $292.9 million for 1998. Diluted net income per Unit for 1999 increased $0.93 or 56.0% to $2.59 from diluted net income per Unit of $1.66 for 1998. The increase was principally due to an increase in investment advisory and services fees, resulting from higher average assets under management and higher performance fees, which was offset partially by higher operating expenses, principally employee compensation and benefits and promotion and servicing expenses.

REVENUES[(1)]
(Dollars in millions)

	2000	1999	% Change	1999	1998	% Change
Investment advisory and services fees:						
Retail	$999.5	$788.6	26.7%	$788.6	$539.6	46.1%
Institutional investment management	537.0	417.5	28.6	417.5	370.4	12.7
Private client	153.4	125.6	22.1	125.6	43.0	192.1
Subtotal	1,689.9	1,331.7	26.9	1,331.7	953.0	39.7
Distribution revenues	621.6	441.8	40.7	441.8	301.9	46.3
Institutional research services	56.3	-	n/a	-	-	n/a
Shareholder servicing fees	85.6	62.3	37.4	62.3	43.5	43.2
Other revenues, net	68.7	33.5	105.1	33.5	25.7	30.4
Total	$2,522.1	$1,869.3	34.9%	$1,869.3	$1,324.1	41.2%

(1) Reflect revenues of the business of Bernstein from the date of the October 2, 2000 acquisition, revenues of Alliance Holding prior to the Reorganization and revenues of the Operating Partnership thereafter.

INVESTMENT ADVISORY AND SERVICES FEES

Investment advisory and services fees, the largest component of the Operating Partnership's revenues, are generally calculated as a small percentage of the value of assets under management and vary with the type of account managed. Fee income is therefore affected by changes in the amount of assets under management, including market appreciation or depreciation, the addition of new client accounts or client contributions of additional assets to existing accounts, withdrawals of assets from and termination of client accounts, purchases and redemptions of mutual fund shares, and shifts of assets between accounts or products with different fee structures. The Operating Partnership's investment advisory and services fees increased 26.9% and 39.7% in 2000 and 1999, respectively.

Certain investment advisory contracts provide for a performance fee, in addition to or in lieu of a base fee, that is calculated either as a percentage of absolute investment results or a percentage of investment results in excess of a stated benchmark over a specified period of time. Performance fees are recorded as revenue at the end of the measurement period and will generally be higher in favorable markets and lower in unfavorable markets, which may increase the volatility of the Operating Partnership's revenues and earnings. Performance fees aggregated $72.5 million, $162.2 million, and $52.9 million in 2000, 1999 and 1998, respectively. Lower performance fees in 2000 were primarily the result of a decline in absolute returns in certain hedge funds investing in growth and technology stocks. Higher performance fees in 1999 were primarily the result of strong capital markets which provided significant absolute and relative investment returns, new client accounts with performance fee arrangements and a refinement of the procedures for estimating such fees.

Retail investment advisory and services fees increased by $210.9 million or 26.7% for 2000, primarily as a result of a 33.3% increase in average assets under management, offset by a $43.3 million decrease in performance fees. Retail investment advisory and services fees increased by $249.0 million or 46.1% for 1999, primarily as a result of a 35.0% increase in average assets under management and higher performance fees of $37.2 million.

Institutional investment management investment advisory and services fees increased by $119.5 million or 28.6% for 2000, due primarily to a 19.9% increase in average assets under management and an increase in performance fees of $50.8 million, primarily from the Bernstein Acquisition. Institutional investment management investment advisory and services fees increased by $47.1 million or 12.7% for 1999, due primarily to a 19.3% increase in average assets under management, offset by lower performance fees of $2.9 million.

Private client investment advisory and services fees increased by $27.8 million or 22.1% for 2000, primarily as a result of a 139.6% increase in average assets under management, primarily from the Bernstein Acquisition, offset by a $97.2 million decrease in performance fees. Private client investment advisory and services fees increased by $82.6 million or 192.1% for 1999, primarily as a result of a 54.8% increase in average assets under management and higher performance fees of $75.0 million.

INSTITUTIONAL RESEARCH SERVICES

Institutional research services revenue consists of brokerage transaction charges and underwriting syndicate revenues related to services provided to institutional investors by SCB LLC, a wholly owned subsidiary of the Operating Partnership. Brokerage transaction charges earned and related expenses are recorded on a trade date basis. Syndicate participation and underwriting revenues include gains, losses and fees, net of syndicate expenses, arising from securities offerings in which SCB LLC acts as an underwriter or agent. Syndicate participation and underwriting revenues are recorded on the offering date. Revenues from institutional research services were $56.3 million for fourth quarter 2000.

DISTRIBUTION REVENUES

The Operating Partnership's subsidiary, AFD, acts as distributor of the Alliance Mutual Funds and receives distribution plan fees from those funds in reimbursement of distribution expenses it incurs. Distribution revenues increased 40.7% and 46.3% in 2000 and 1999, respectively, principally due to higher average mutual fund assets under management attributable to sales of Back-End Load Shares under the Operating Partnership's mutual fund distribution system (the "System"), described under "Capital Resources and Liquidity".

SHAREHOLDER SERVICING FEES

The Operating Partnership's subsidiaries, Alliance Global Investor Services, Inc. and ACM Global Investor Services S.A., provide transfer agency services to the Alliance Mutual Funds. Shareholder servicing fees increased 37.4% and 43.2% in 2000 and 1999, respectively, the result of increases in the number of mutual fund shareholder accounts serviced. The number of shareholder accounts serviced increased to approximately 6.5 million as of December 31, 2000, compared to approximately 5.4 million and 3.8 million as of December 31, 1999 and 1998, respectively.

OTHER REVENUES, NET

Other revenues, net consist principally of administration and recordkeeping services provided to the Alliance Mutual Funds and the General Accounts of Equitable, a wholly owned subsidiary of AXA Financial, and its insurance company subsidiary. Investment income and changes in value of other investments are also included. Subsequent to the Bernstein Acquisition, other revenues, net also includes net interest income earned on securities loaned to and borrowed from brokers and dealers. Other revenues, net increased for 2000 primarily as a result of higher interest income, including $29.8 million in interest earned on the proceeds from AXA Financial's purchase of 32,619,775 newly issued Operating Partnership Units on June 21, 2000. Other revenues, net increased for 1999 principally as a result of higher reimbursements for administration and recordkeeping services, increases in the market value of investments in hedge funds sponsored by the Operating Partnership and higher dividend income.

EXPENSES[(1)]
(Dollars in millions)

	2000	1999	% Change	1999	1998	% Change
Employee compensation and benefits	$651.9	$508.6	28.2%	$508.6	$340.9	49.2%
Promotion and servicing	844.4	620.6	36.1	620.6	460.3	34.8
General and administrative	226.7	184.8	22.7	184.8	162.3	13.9
Interest	44.2	22.6	95.6	22.6	7.6	197.4
Amortization of intangible assets	46.3	3.9	1,087.2	3.9	4.3	(9.3)
Non-recurring items, net	(0.8)	-	n/a	-	-	n/a
Total	$1,812.7	$1,340.5	35.2%	$1,340.5	$975.4	37.4%

(1) Reflect expenses of the business of Bernstein from the date of the October 2, 2000 acquisition, expenses of Alliance Holding prior to the Reorganization and expenses of the Operating Partnership thereafter.

EMPLOYEE COMPENSATION AND BENEFITS

In connection with the Reorganization, all employees of Alliance Holding became employees of the Operating Partnership effective October 29, 1999. In connection with the Bernstein Acquisition, all employees of Bernstein subsidiaries became employees of the Operating Partnership effective October 2, 2000. Employee compensation and benefits, which represent approximately 36.0% of total expenses in 2000, include salaries, commissions, fringe benefits and incentive compensation based on profitability. Provisions for future payments to be made under certain deferred compensation arrangements are also included in employee compensation and benefits expense.

Employee compensation and benefits increased 28.2% and 49.2% in 2000 and 1999, respectively, primarily as a result of higher incentive compensation due to increased operating earnings and increased base compensation and commissions. Incentive compensation increased in 2000 due to higher operating earnings and costs associated with a new deferred compensation plan adopted in connection with the Bernstein Acquisition, offset in part by lower incentive compensation resulting from lower performance fees. Incentive compensation increased in 1999 due to higher operating earnings and incentive compensation from higher performance fees. Base compensation increased principally due to an increase in the number of employees due to the Bernstein Acquisition and in support of Alliance's growing mutual fund operations combined with salary increases. The Operating Partnership had 4,438 employees at December 31, 2000 compared to 2,396 in 1999 and 2,075 employees of Alliance Holding at December 31, 1998. Commissions increased primarily due to the Bernstein Acquisition.

PROMOTION AND SERVICING

Promotion and servicing expenses, which represent approximately 46.6% of total expenses in 2000, include distribution plan payments to financial intermediaries for distribution of sponsored mutual funds and cash management services' products and amortization of deferred sales commissions paid to financial intermediaries for the sale of Back-End Load Shares under the System. See "Capital Resources and Liquidity". Also included in this expense category are travel and entertainment, advertising, promotional materials, and investment meetings and seminars for financial intermediaries that distribute the Operating Partnership's mutual fund products.

Promotion and servicing expenses increased 36.1% and 34.8% in 2000 and 1999, respectively, primarily due to increased distribution plan payments resulting from higher average domestic, offshore and cash management assets under management. An increase in amortization of deferred sales commissions of $55.7 million for 2000 as a result of sales of Back-End Load Shares also contributed to the increase in promotion and servicing expense. Other promotion and servicing expenses increased for 2000 and 1999 primarily as a result of higher travel and entertainment costs and higher promotional expenditures incurred in connection with mutual fund sales initiatives.

GENERAL AND ADMINISTRATIVE

General and administrative expenses, which represent approximately 12.5% of total expenses in 2000, are costs related to operations, including technology, professional fees, occupancy, communications, equipment and similar expenses. General and administrative expenses increased 22.7% and 13.9% in 2000 and 1999, respectively, due principally to increased occupancy and other costs related to the Bernstein Acquisition and higher technology expenses incurred in connection with the Year 2000 project and other technology initiatives such as the Euro conversion. A $10.0 million provision was recorded in 1998 for the acquisition of the minority interest in Cursitor Alliance held by CHLP. CHLP exercised its option to require the Operating Partnership to purchase its minority interest in Cursitor Alliance for $10.0 million. See "Capital Resources and Liquidity".

INTEREST

Interest expense is incurred on the Operating Partnership's borrowings and on deferred compensation owed to employees. Interest expense increased for 2000 and 1999 primarily as a result of higher debt and an increase in interest accrued on deferred compensation liabilities.

AMORTIZATION OF INTANGIBLE ASSETS

Amortization of intangible assets is attributable to the intangible assets recorded in connection with the acquisitions made by the Operating Partnership, including the Bernstein Acquisition on October 2, 2000, and the acquisition of ACMC, Inc., the predecessor of both Alliance Holding and the Operating Partnership, by ELAS during 1985. Amortization of intangibles increased for 2000 principally due to the Bernstein Acquisition.

TAXES ON INCOME

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

Income tax expense of $40.6 million in 2000 decreased by $26.6 million from 1999 primarily as a result of a lower effective tax rate due to the Reorganization. Income tax expense of $67.2 million in 1999 increased by $11.4 million primarily as a result of higher pre-tax income partially offset by a lower combined effective tax rate.

CAPITAL RESOURCES AND LIQUIDITY

Partners' capital of the Operating Partnership was $4,133.7 million at December 31, 2000, an increase of $3,581.0 million or 647.9% from partners' capital at December 31, 1999. On October 2, 2000, the Operating Partnership completed the Bernstein Acquisition for $1,475.4 million in cash and 40.8 million newly issued Operating Partnership Units. On June 21, 2000, AXA Financial purchased from the Operating Partnership 32,619,775 newly issued Operating Partnership Units for $1.6 billion and the Operating Partnership used the proceeds primarily to finance the cash portion of the Bernstein Acquisition. The Operating Partnership's partners' capital at December 31, 1999 increased by $122.4 million or 28.4% from Alliance Holding's partner's capital of $430.3 million at December 31, 1998.

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

The Operating Partnership's cash and cash equivalents increased by $136.1 million in 2000. Cash inflows included $682.4 million from operations, the sale of Operating Partnership Units to AXA Financial for $1,600.0 million, net borrowings of $368.4 million and $19.7 million of proceeds from employee options exercised for Alliance Holding Units. Cash outflows included $1,475.4 million for the Bernstein Acquisition, $633.2 million in distributions to its General Partner and Unitholders, net purchases of cash and securities for $620.7 million, the purchase of Alliance Holding Units by subsidiaries of the Operating Partnership for deferred compensation plans of $146.6 million, net purchases of investments of $203.7 million and $75.8 million in capital expenditures.

In connection with a 1996 acquisition, Alliance Holding obtained an option to purchase the minority interest held by CHLP in Cursitor Alliance, and CHLP obtained an option to sell its minority interest to Alliance Holding for cash, Alliance Holding Units, or a combination thereof with a value of not less than $10.0 million or more than $37.0 million ("Buyout Price"). The Operating Partnership assumed all of Alliance Holding's rights and obligations with respect to CHLP in connection with the Reorganization. CHLP exercised its option to require the Operating Partnership to purchase its minority interest in Cursitor Alliance for a Buyout Price of $10.0 million.

The Operating Partnership's mutual fund distribution system includes a multi-class share structure. The System permits the Operating Partnership's open-end mutual funds to offer investors various options for the purchase of mutual fund shares, including the purchase of Front-End Load Shares and Back-End Load Shares. The Front-End Load Shares are subject to a conventional front-end sales charge paid by investors to AFD at the time of sale. AFD in turn compensates the financial intermediaries distributing the funds from the front-end sales charge paid by investors. For Back-End Load Shares, investors do not pay a front-end sales charge although, if there are redemptions before the expiration of the minimum holding period (which ranges from one year to four years), investors pay a contingent deferred sales charge ("CDSC") to AFD. While AFD is obligated to compensate the financial intermediaries at the time of the purchase of Back-End Load Shares, it receives higher ongoing distribution fees from the funds. Payments made to financial intermediaries in connection with the sale of Back-End Load Shares under the System, net of CDSC received, reduced cash flow from operations by approximately $330.6 million and $393.4 million during 2000 and 1999, respectively. Management believes AFD will recover the payments made to financial intermediaries for the sale of Back-End Load Shares from the higher distribution fees and CDSC it receives over periods not exceeding 5 1/2 years.

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

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

During October 2000, the Operating Partnership entered into a $250 million two-year revolving credit facility the terms of which are substantially similar to the $425 million and $200 million revolving credit facilities.

The revolving credit facilities contain covenants which, among other things, require the Operating Partnership to meet certain financial ratios. The Operating Partnership was in compliance with the covenants at December 31, 2000.

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

At December 31, 2000 and 1999, the Operating Partnership had $396.9 million and $384.7 million of commercial paper outstanding, respectively, at effective interest rates of 6.7% and 5.9%, respectively. At December 31, 2000, the Operating Partnership had $98.2 million outstanding under the ECN program, at an effective interest rate of 6.8%. At December 31, 2000, the Operating Partnership had $284 million outstanding under its revolving credit facilities, at an effective interest rate of 7.0%. There were no amounts outstanding under the ECN program and the credit facilities at December 31, 1999.

Debt also includes a loan note issued in connection with the Whittingdale acquisition in the aggregate principal amount of $3.1 million at December 31, 2000. The note bears interest at 5.4% per annum at December 31, 2000.

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

COMMITMENTS AND CONTINGENCIES

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

Alliance Capital and Alliance Holding are involved in various inquiries, administrative proceedings and litigation, some of which allege substantial damages. While any proceeding or litigation has the element of uncertainty, Alliance Capital and Alliance Holding believe that the outcome of any lawsuit or claim that is pending or threatened, or all of them combined, will not have a material adverse effect on Alliance Capital's or Alliance Holding's results of operations or financial condition.

CHANGES IN ACCOUNTING PRINCIPLES

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

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "*Accounting for Derivative Instruments and Hedging Activities*". Management adopted this Statement on January 1, 2001, and the adoption did not have a material effect on the Operating Partnership's results of operations, liquidity, or capital resources.

In December 1999, the SEC issued SEC Staff Accounting Bulletin No. 101, "*Revenue Recognition in Financial Statements*" ("SAB 101"). Management adopted SAB 101 in fourth quarter 2000 and its adoption did not have a material effect on the Operating Partnership's financial condition, results of operations, liquidity or capital resources.

CASH DISTRIBUTIONS

The Operating Partnership is required to distribute all of its Available Cash Flow (as defined in the Alliance Capital Partnership Agreement) to the General Partner and Alliance Capital Unitholders. Alliance Holding is also required to distribute all of its Available Cash Flow (as defined in the Alliance Holding Partnership Agreement). The Available Cash Flow of the Operating Partnership for 2000, the combined Available Cash Flow of the Operating Partnership for the two months ended December 31, 1999 and Alliance Holding for the ten months ended October 29, 1999, and the Available Cash Flow of Alliance Holding for the year ended December 31, 1998 were as follows:

CASH DISTRIBUTIONS
(Dollars in thousands)

	2000	1999	1998
Available Cash Flow	$689,516	$405,328	$278,363
Special distribution	-	36,455	-
Total distribution	$689,516	$441,783	$278,363
Distribution per Unit	$3.40	$2.55	$1.62

FORWARD-LOOKING STATEMENTS

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

ALLIANCE HOLDING
MARKET RISK, RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

Alliance Holding's investment consists solely of Alliance Capital Units and it was not a party to any derivative financial instruments during the year ended December 31, 2000 and the period from November 1, 1999 to December 31, 1999.

ALLIANCE CAPITAL
MARKET RISK, RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

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

NON TRADING MARKET RISK SENSITIVE INSTRUMENTS

INVESTMENTS WITH INTEREST RATE RISK – FAIR VALUE

The table below provides the Operating Partnership's potential exposure, measured in terms of fair value, to an immediate 100 basis point increase in interest rates from the levels prevailing at December 31, 2000. A 100 basis point fluctuation in interest rates is a hypothetical rate scenario used to calibrate potential risk and does not represent management's view of future market changes. While these fair value measurements provide a representation of interest rate sensitivity of fixed income mutual funds and fixed income hedge funds, they are based on the portfolio exposures at a particular point in time and may not be representative of future market results. These exposures will change as a result of ongoing changes in investments in response to management's assessment of changing market conditions and available investment opportunities (in thousands):

	At December 31, 2000	+100 Basis Point Change
Fixed income investments	$6,954	$(321)

INVESTMENTS WITH EQUITY PRICE RISK – FAIR VALUE

The Operating Partnership's investments also include investments in equity mutual funds and equity hedge funds. The following table provides the Operating Partnership's potential exposure from those investments, measured in terms of fair value, to an immediate 10% drop in equity prices from those prevailing at December 31, 2000. A 10% decrease in equity prices is a hypothetical scenario used to calibrate potential risk and does not represent management's view of future market changes. While these fair value measurements provide a representation of equity price sensitivity of equity mutual funds and equity hedge funds, they are based on the portfolio exposures at a particular point in time and may not be representative of future market results. These exposures will change as a result of ongoing portfolio activities in response to management's assessment of changing market conditions and available investment opportunities (in thousands):

	At December 31, 2000	-10% Equity Price Change
Equity investments	$49,140	$(4,914)

DERIVATIVE FINANCIAL INSTRUMENTS – FAIR VALUE

The Operating Partnership utilizes an interest rate cap to reduce its exposure to interest rate risk by effectively placing an interest rate ceiling or "cap" on interest payable on up to $100 million of the debt outstanding under the Operating Partnership's commercial paper program and five-year revolving credit facility. The interest rate cap expires in December 2001. The $100 million notional principal amount does not represent the Operating Partnership's exposure to credit risk, but is only a basis to determine the payment obligation of the counterparty. During the three-year term of the interest rate cap, the Operating Partnership will receive monthly payments from the counterparty based on the excess, if any, of the stated reference rate over 6% times the notional amount. Should the counterparty fail to perform its obligations under the agreement, the Operating Partnership's borrowing costs on the first $100 million of debt outstanding could exceed 6%. However, at this time the Operating Partnership does not have any reason to believe that the counterparty would fail to perform. While the notional amount is the most commonly used measure of volume in the derivatives market, it is not used by the Operating Partnership as a measure of risk as the notional amount exceeds the possible loss that could arise from the interest rate cap. Mark to market exposure is a point-in-time measure of the value of a derivative contract on the open market. A positive value indicates existence of credit risk for the Operating Partnership as the counterparty would owe money to the Operating Partnership if the contract were closed. At year end 2000, the market value of the Operating Partnership's derivative was $135,000 representing the time value and intrinsic value components of the fair value. The table below provides the interest rate sensitivity of the interest rate cap. These exposures will change as a result of ongoing portfolio and risk management activities (in thousands, except for term):

	Notional Amount	Term/ Years	- 100 Basis Point Change	Fair Value at December 31, 2000	+ 100 Basis Point Change
Interest rate cap	$100,000	3	$(125)	$135	$896

DEBT-FAIR VALUE

At year end 2000, the aggregate fair value of long-term debt issued by the Operating Partnership was $3.1 million. The table below provides the potential fair value exposure to an immediate 100 basis point decrease in interest rates from those prevailing at year end 2000 (in thousands):

	At December 31, 2000	-100 Basis Point Change
Long-term debt	$3,100	$143

Item 8. Financial Statements and Supplementary Data

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

Statements of Financial Condition
(in thousands)

	December 31,	
	2000	1999
ASSETS		
Fees receivable	$2,244	$1,883
Investment in Operating Partnership	1,266,587	270,177
Other assets	6	-
Total assets	$1,268,837	$272,060
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Payable to operating partnership	$6,849	$5,843
Accounts payable and accrued expenses	1,438	609
Total liabilities	8,287	6,452
Commitments and contingencies		
Partners' capital:		
General Partner; 100,000 Alliance Holding Units issued and outstanding	1,745	366
Limited partners; 73,084,232 and 72,159,583 Alliance Holding Unit issued and outstanding	1,258,805	265,242
Total partners' capital	1,260,550	265,608
Total liabilities and partners' capital	$1,268,837	$272,060

See accompanying Notes to Financial Statements.

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.*

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

	2000	1999	1998
Revenues:			
Equity in earnings of Operating Partnership	$244,922	$52,665	$-
Investment advisory and services fees	-	1,007,503	952,992
Distribution revenues	-	354,161	301,846
Shareholder servicing fees	-	50,696	43,475
Other revenues	-	26,130	25,743
	244,922	1,491,155	1,324,056
Expenses:			

Employee compensation and benefits	-	370,795	340,923
Promotion and servicing:			
Distribution plan payments	-	274,920	266,400
Amortization of deferred sales commissions	-	132,713	108,853
Other	-	94,934	85,087
General and administrative	-	151,369	162,323
Interest	-	16,729	7,586
Amortization of intangible assets	-	3,211	4,172
	-	1,044,671	975,344
Income before income taxes	244,922	446,484	348,712
Income taxes	20,952	63,642	55,796
Net income	$223,970	$382,842	$292,916
Net income per Alliance Holding Unit:			
Basic	$3.10	$2.61	$1.71
Diluted	$2.93	$2.53	$1.66

* As discussed in Notes 1 and 3, the financial information above reflects the consolidated operations of Alliance Capital Management Holding L.P. prior to the Reorganization effective October 29, 1999 and the use of the equity method of reporting thereafter.

See accompanying Notes to Financial Statements.

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.*

Statements of Changes in Partners' Capital
and Comprehensive Income
For the Years Ended December 31,
(in thousands, except per Unit amounts)

	General Partner's Capital	Limited Partners' Capital	Capital Contributions Receivable	Deferred Compensation Expense	Accumulated Other Comprehensive Income	Total Partners' Capital
Balance at December 31, 1997	$4,327	$428,353	$(29,123)	$(3,500)	$(2,006)	$398,051
Comprehensive Income:						
Net income	2,929	289,987	-	-	-	292,916
Other comprehensive income:						
Unrealized gain on investments, net	-	-	-	-	837	837
Foreign currency translation adjustment, net	-	-	-	-	834	834
Comprehensive Income	2,929	289,987	-	-	1,671	294,587
Cash distributions to partners ($1.60 per Unit)	(2,744)	(271,700)	-	-	-	(274,444)
Amortization of deferred compensation expense	-	-	-	3,000	-	3,000
Capital contributions from General Partner	-	-	716	-	-	716
Compensation plan accrual	21	2,091	(2,112)	-	-	-
Proceeds from options for Alliance Holding Units exercised	84	8,279	-	-	-	8,363
Balance at December 31, 1998	4,617	457,010	(30,519)	(500)	(335)	430,273
Comprehensive Income:						
Net income	3,347	331,399	-	-	-	334,746
Other comprehensive income:						
Unrealized gain on investments, net	-	-	-	-	370	370
Foreign currency translation adjustment, net	-	-	-	-	1,035	1,035

Comprehensive Income	3,347	331,399	-	-	1,405	336,151
Cash distributions to partners ($2.07 per Unit)	(2,608)	(258,137)	-	-	-	(260,745)
Amortization of deferred compensation expense	-	-	-	500	-	500
Capital contributions from General Partner	-	-	686	-	-	686
Compensation plan accrual	18	1,752	(1,770)	-	-	-
Proceeds from options for Alliance Holding Units exercised	120	11,853	-	-	-	11,973
	5,494	543,877	(31,603)	-	1,070	518,838
October 29, 1999 Reorganization	(5,194)	(328,743)	31,603	-	(1,070)	(303,404)
Balance after October 29, 1999 Reorganization	300	215,134	-	-	-	215,434
Net income	66	48,030	-	-	-	48,096
Proceeds from options for Alliance Holding Units exercised	-	2,078	-	-	-	2,078
Balance at December 31, 1999	366	265,242	-	-	-	265,608
Comprehensive Income:					-	
Net income	310	223,660	-	-	-	223,970
Comprehensive Income	310	223,660	-	-	-	223,970
Change in proportionate share of Operating Partnership's partners' capital	1,387	1,009,143	-	-	-	1,010,530
Cash distributions to partners ($3.18 per Unit)	(318)	(228,925)	-	-	-	(229,243)
Purchase of Alliance Holding Units to fund deferred compensation plans	-	(2,002)	-	-	-	(2,002)
Purchase of Alliance Holding Units	-	(28,042)	-	-	-	(28,042)
Proceeds from options for Alliance Holding Units exercised	-	19,729	-	-	-	19,729
Balance at December 31, 2000	$1,745	$1,258,805	$-	$-	$-	$1,260,550

* As discussed in Notes 1 and 3, the financial information above reflects the consolidated operations of Alliance Capital Management Holding L.P. prior to the Reorganization effective October 29, 1999 and the use of the equity method of reporting thereafter.

See accompanying Notes to Financial Statements.

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.*

Statements of Cash Flows
For the Years Ended December 31,
(in thousands)

	2000	1999	1998
Cash flows from operating activities:			
Net income	$223,970	$382,842	$292,916
Adjustments to reconcile net income to net cash provided			
from operating activities:			
Equity in earnings of Operating Partnership	(244,922)	(52,665)	-
Amortization and depreciation	-	152,635	129,374
Operating Partnership distributions received	248,727	-	-
Other, net	-	18,120	12,873
Changes in assets and liabilities:			
(Increase) in receivable from brokers and dealers	-	(15,777)	(90,389)
(Increase) in fees receivable	(361)	(59,831)	(32,399)
(Increase) in deferred sales commissions	-	(326,258)	(232,514)
(Increase) in other investments	-	(17,935)	(14,708)

(Increase) in other assets	(6)	(278)	(10,666)
Increase in payable to Operating Partnership	1,006	-	-
Increase in payable to Alliance Mutual Funds	-	7,981	102,321
Increase (decrease) in broker and dealer payable	-	(8,178)	10,722
Increase in accounts payable and accrued expenses	829	10,948	62,861
Increase in accrued compensation and benefits, less deferred compensation	-	167,304	27,634
Net cash provided from operating activities	229,243	258,908	258,025
Cash flows from investing activities:			
Investment in Operating Partnership from exercises of options	(19,729)	(2,078)	-
Purchase of investments	-	(888,180)	(476,826)
Proceeds from sale of investments	-	900,130	430,266
Purchase of businesses, net of cash acquired	-	(142)	(2,911)
Additions to furniture, equipment and leasehold improvements, net	-	(50,463)	(31,910)
Net cash (used in) investing activities	(19,729)	(40,733)	(81,381)
Cash flows from financing activities:			
Proceeds from issuance of debt	-	2,043,616	926,012
Proceeds from sale of Operating Partnership Units to a subsidiary of the Operating Partnership	28,042	-	-
Repayment of debt	-	(2,015,874)	(826,375)
Purchase of Alliance Holding Units	(28,042)	-	-
Cash distributions to partners	(229,243)	(260,745)	(274,444)
Capital contributions from General Partner	-	686	716
Proceeds from options for Alliance Holding Units exercised	19,729	14,051	8,363
Net cash (used in) financing activities	(209,514)	(218,266)	(165,728)
Effect of exchange rate changes on cash and cash equivalents	-	217	509
Net increase in cash and cash equivalents before cash transferred to Operating Partnership	-	126	11,425
October 29, 1999 Reorganization	-	(75,312)	-
Net increase (decrease) in cash and cash equivalents	-	(75,186)	11,425
Cash and cash equivalents at beginning of the year	-	75,186	63,761
Cash and cash equivalents at end of the year	$-	$-	$75,186

* As discussed in Notes 1 and 3, the financial information above reflects the consolidated operations of Alliance Capital Management Holding L.P. prior to the Reorganization effective October 29, 1999 and the use of the equity method of reporting thereafter.

See accompanying Notes to Financial Statements.

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

Notes to Financial Statements
December 31, 2000, 1999 and 1998

1. Reorganization and Bernstein Acquisition

Effective October 29, 1999, Alliance Holding reorganized by transferring its business to Alliance Capital, a newly formed private partnership, in exchange for all of the Alliance Capital Units. As part of the Reorganization, Alliance Holding offered each Alliance Holding Unitholder the opportunity to exchange Alliance Holding Units for Alliance Capital Units on a one-for-one basis. The Operating Partnership recorded the transferred assets and assumption of liabilities at the amounts reflected in Alliance Holding's books and records on the date of transfer. Since the Reorganization, the Operating Partnership has conducted the diversified investment management services business formerly conducted by Alliance Holding, and Alliance Holding's business has consisted of holding Alliance Capital Units and engaging in related activities. Alliance, an indirect wholly owned subsidiary of AXA Financial, is the general partner of both Alliance Holding and the Operating Partnership. AXA Financial is an indirect wholly owned subsidiary of AXA, a French company, that is a holding company for an international group of insurance and related financial services companies. Alliance Capital is a registered investment adviser under the Investment Advisers Act of 1940. Alliance Holding Units are publicly traded on the New York Stock Exchange while Alliance Capital Units do not trade publicly and are subject to significant restrictions on transfer.

On October 2, 2000, the Operating Partnership acquired the business and assets of SCB Inc., an investment research and management company formerly known as Bernstein, and assumed the liabilities of Bernstein. The purchase price consisted of a cash payment of $1.4754 billion and 40.8

million newly issued Alliance Capital Units. AXA Financial purchased approximately 32.6 million newly issued Alliance Capital Units for $1.6 billion on June 21, 2000 to fund the cash portion of the purchase price.

At December 31, 2000, Alliance Holding owned approximately 73.2 million, or 30%, of the issued and outstanding Alliance Capital Units. Alliance owns 100,000 general partnership Units in Alliance Holding and a 1% general partnership interest in the Operating Partnership. At December 31, 2000, AXA Financial was the beneficial owner of approximately 2% of the outstanding Alliance Holding Units and approximately 53% of the outstanding Alliance Capital Units which, including the general partnership interests in the Operating Partnership and Alliance Holding, represents an economic interest of approximately 53% in the Operating Partnership. At December 31, 2000, SCB Partners Inc., a wholly owned subsidiary of SCB Inc., was the beneficial owner of approximately 17% of the outstanding Alliance Capital Units.

The Alliance Holding financial statements and notes should be read in conjunction with the consolidated financial statements and notes of the Operating Partnership included in this Annual Report on Form 10-K.

2. Operating Partnership Business Description

The Operating Partnership provides diversified investment management and related services globally to a broad range of clients including (a) institutional investors, consisting of unaffiliated entities such as corporate and public employee pension funds, endowment funds, domestic and foreign institutions and governments and affiliates such as AXA and its insurance company subsidiaries, by means of separate accounts, sub-advisory relationships resulting from the efforts of the institutional marketing department, structured products, group trusts and mutual funds and classes of mutual fund shares sold exclusively to institutional investors and high net worth individuals, (b) private clients, consisting of high net worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations and other entities, by means of separate accounts, hedge funds and certain other vehicles, (c) individual investors by means of publicly distributed mutual funds sponsored by the Operating Partnership, its subsidiaries and affiliated joint venture companies including cash management products such as money market funds and deposit accounts and sub-advisory relationships in respect of mutual funds sponsored by third parties resulting from the efforts of the mutual fund marketing department ("Alliance Mutual Funds") and "wrap" products, and (d) institutional investors by means of in-depth research, portfolio strategy, trading and brokerage-related services. The Operating Partnership and its subsidiaries provide investment management, distribution and shareholder and administrative services to the Alliance Mutual Funds.

3. Summary of Significant Accounting Policies

Basis of Presentation

Alliance Holding's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The financial information reflects the consolidated operations of Alliance Holding prior to the Reorganization (See Note 1) and the use of the equity method of reporting thereafter.

Principles of Consolidation

For all periods prior to the Reorganization (See Note 1), the consolidated financial statements include Alliance Holding and its majority-owned subsidiaries. All significant intercompany transactions and balances among the consolidated entities have been eliminated.

Investment in Operating Partnership

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

Cash and Cash Equivalents

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

Cash Distributions

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

Reclassifications

Certain amounts in the 1999 and 1998 consolidated financial statements have been reclassified to conform with the 2000 presentation.

4. Pro Forma Financial Information (Unaudited)

The following table summarizes the unaudited condensed results of operations of Alliance Holding for all periods presented as if the Bernstein Acquisition had occurred on January 1, 2000 and January 1, 1999.

The pro forma financial information does not necessarily reflect the results of operations that would have been obtained had the Bernstein Acquisition occurred on January 1, 2000 and January 1, 1999, nor is the pro forma financial information necessarily indicative of the results of operations that may be achieved for any future period.

	2000	1999
	(in thousands, except per Alliance Holding Unit amounts)	
Equity in earnings of Operating Partnership	$209,525	$185,447
Income taxes	23,663	21,128
Net income	$185,862	$164,319

Basic net income per Alliance Holding Unit	$2.57	$2.30
Diluted net income per Alliance Holding Unit	$2.50	$2.25

The following table presents a reconciliation of the condensed results of operations for 2000 and 1999 for the Operating Partnership and, prior the Reorganization, Alliance Holding:

	2000	1999
	(in thousands)	
Operating Partnership income before income taxes	$769,590	$686,257
Pro forma income taxes	50,020	44,606
Pro forma net income	$719,570	$641,651
Alliance Holding ownership percentage of the Operating Partnership Units	29.4%	29.2%
Alliance Holding equity in earnings of the Operating Partnership	$209,525	$185,447

5. Net Income Per Alliance Holding Unit

For all periods prior to the Reorganization, basic net income per Alliance Holding Unit is derived by reducing net income for the 1% General Partner interest and dividing the remaining 99% by the weighted average number of Alliance Holding Units outstanding for each year. For all periods prior to the Reorganization, diluted net income per Alliance Holding Unit is derived by reducing net income for the 1% General Partner interest and dividing the remaining 99% by the total of the weighted average number of Alliance Holding Units outstanding for each year and the dilutive Alliance Holding Unit equivalents resulting from outstanding employee options.

	2000	1999	1998
	(in thousands, except per Alliance Holding Unit amounts)		
Net income – Basic	$223,970	$382,842	$292,916
Additional allocation of equity in earnings of the Operating Partnership resulting from assumed dilutive effect of employee options	7,483	1,963	-
Net income – Diluted.	$231,453	$384,805	$292,916
Weighted average Alliance Holding Units outstanding - Basic	72,286	154,520	169,933
Dilutive effect of employee options	6,744	5,153	5,210
Weighted average Alliance Holding Units outstanding - Diluted	79,030	159,673	175,143
Basic net income per Alliance Holding Unit	$3.10	$2.61	$1.71
Diluted net income per Alliance Holding Unit	$2.93	$2.53	$1.66

6. Investment in Operating Partnership

Alliance Holding's investment in the Operating Partnership for the year ended December 31, 2000 and the two-month period ended December 31, 1999 was as follows (in thousands):

Initial investment in Operating Partnership at October 29, 1999	$215,434
Equity in earnings of the Operating Partnership	52,665
Additional investment resulting from exercises of employee options	2,078
Investment in Operating Partnership at December 31, 1999	270,177
Equity in earnings of Operating Partnership	244,922
Change in proportionate share of the Operating Partnership's partners' capital	1,010,530
Additional investment resulting from exercises of employee options	19,729
Distribution received from Operating Partnership	(248,727)
Sale of Operating Partnership Units to a subsidiary of the Operating Partnership	(28,042)
Purchase of Alliance Holding Units to fund deferred compensation plans	(2,002)
Investment in Operating Partnership at December 31, 2000	$1,266,587

7. Income Taxes

Alliance Holding is a publicly traded partnership for federal tax purposes and, accordingly, is not subject to federal or state corporate income taxes. However, Alliance Holding is subject to the New York City unincorporated business tax ("UBT") and, effective January 1, 1998, to a 3.5% federal tax on partnership gross income from the active conduct of a trade or business. Subsequent to the Reorganization, Alliance Holding's partnership gross income is primarily derived from its interest in the Operating Partnership. Prior to the Reorganization, domestic corporate subsidiaries of Alliance Holding, which were subject to federal, state and local income taxes, filed a consolidated federal income tax return and

separate state and local tax returns. Foreign corporate subsidiaries are generally subject to taxes in the foreign jurisdictions where they are located. All domestic and foreign corporate subsidiaries were transferred to the Operating Partnership in connection with the Reorganization.

The provision for income taxes, which are all currently payable, consists of (in thousands):

	Years Ended December 31,		
	2000	1999	1998
Partnership unincorporated business taxes	$-	$18,602	$16,047
Federal tax on partnership gross business income	20,952	37,673	30,600
Corporate subsidiaries:			
Federal	-	3,638	3,855
State, local and foreign	-	3,729	5,294
Provision for income taxes	$20,952	$63,642	$55,796

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

	Years Ended December 31,					
	2000		1999		1998	
UBT statutory rate	$9,797	4.0%	$17,859	4.0%	$13,948	4.0%
Federal tax on partnership gross business income	20,952	8.6	37,673	8.4	30,600	8.8
Corporate subsidiaries' federal, state, local and foreign income taxes	-	-	7,160	1.6	8,878	2.5
Effect of tax credit for interest in the Operating Partnership	(9,797)	(4.0)	(2,107)	(0.5)	-	-
Miscellaneous	-	-	3,057	0.7	2,370	0.7
Provision for income taxes and effective tax rates	$20,952	8.6 %	$63,642	14.2%	$55,796	16.0%

8. Commitments and Contingencies

Alliance Capital and Alliance Holding are involved in various inquiries, administrative proceedings and litigation, some of which allege substantial damages. While any proceeding or litigation has the element of uncertainty, Alliance Capital and Alliance Holding believe that the outcome of any lawsuit or claim that is pending or threatened, or all of them combined will not have a material adverse effect on Alliance Capital's or Alliance Holding's results of operations or financial condition.

9. Award and Option Plans

As discussed in Note 19 of the Operating Partnership's consolidated financial statements, the Operating Partnership maintains certain option and incentive plans. Under these plans, options on Alliance Holding Units are granted to employees of the Operating Partnership. Upon exercise of options, Alliance Holding exchanges the proceeds from exercises for Operating Partnership Units, thus increasing Alliance Holding's investment in the Operating Partnership. At December 31, 2000, 15,401,380 options for Alliance Holding Units were outstanding of which 6,555,680 were exercisable. The Operating Partnership applies Accounting Principles Board Opinion No. 25, "*Accounting for Stock Issued to Employees*", in accounting for its option plans and, accordingly, no compensation cost has been recognized for options, granted at fair market value, in the Operating Partnership consolidated financial statements. Had the Operating Partnership determined compensation cost based on the fair value at the grant date for options under Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "*Accounting for Stock-Based Compensation*", Alliance Holding's income derived from its interest in the Operating Partnership would have decreased and Alliance Holding's net income and net income per Alliance Holding Unit would have been reduced to the pro forma amounts indicated below (in thousands, except per Alliance Holding Unit amounts):

	2000	1999	1998
SFAS 123 Pro forma net income	$219,938	$380,526	$289,831
SFAS 123 Pro forma basic net income per Alliance Holding Unit	$3.04	$2.58	$1.69
SFAS 123 Pro forma diluted net income per Alliance Holding Unit	$2.88	$2.50	$1.64

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

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

	Years Ended December 31,		
	2000	1999	1998
Interest	$-	$8,559	$4,043
Income taxes	20,664	61,499	15,460

Noncash investing and financing activities were as follows (in thousands):

Change in proportionate share of the Operating Partnership's partners' capital:

Investment in Operating Partnership	$1,010,530	$-	$-
Partners' capital	1,010,530	-	-

11. Cash Distribution

On February 2, 2001, the General Partner declared a distribution of $57,084,000 or $0.78 per Alliance Holding Unit representing the Available Cash Flow (as defined in the Alliance Holding Partnership Agreement) of Alliance Holding for the three months ended December 31, 2000. The distribution is payable on February 23, 2001 to holders of record on February 13, 2001.

12. Quarterly Financial Data (Unaudited)
(in thousands, except per Alliance Holding Unit data)

	Quarters Ended 2000			
	December 31	September 30	June 30	March 31
Revenues	$43,026	$68,315	$62,430	$71,151
Net income	$36,867	$63,778	$57,399	$65,926
Basic net income per Alliance Holding Unit[1]	$0.52	$0.89	$0.81	$0.92
Diluted net income per Alliance Holding Unit[1]	$0.50	$0.85	$0.76	$0.88
Cash distributions per Alliance Holding Unit[2]	$0.78	$0.84	$0.75	$0.74
Alliance Holding Unit prices[3]:				
High	$54\frac{7}{16}$	$56\frac{11}{16}$	$50\frac{3}{8}$	$43\frac{7}{8}$
Low	$42\frac{1}{2}$	46	$38\frac{3}{8}$	$29\frac{5}{16}$

	Quarters Ended 1999			
	December 31	September 30	June 30	March 31
Revenues	$207,309	$445,162	$418,941	$419,743
Net income	$85,920	$101,654	$97,214	$98,054
Basic net income per Alliance Holding Unit[1]	$0.88	$0.59	$0.56	$0.57
Diluted net income per Alliance Holding Unit[1]	$0.86	$0.57	$0.55	$0.55
Cash distributions per Alliance Holding Unit[2]	$0.85	$0.56	$0.54	$0.54
Alliance Holding Unit prices[3]:				
High	34	$33\frac{7}{16}$	$32\frac{5}{16}$	$26\frac{7}{8}$
Low	$24\frac{5}{16}$	25	$24\frac{1}{8}$	$24\frac{1}{2}$

(1) Due to changes in the number of weighted average Alliance Holding Units outstanding, quarterly net income per Alliance Holding Unit may not add to the totals for the year.
(2) Declared and paid during the following quarter.
(3) High and low sales prices as reported by the New York Stock Exchange.

Independent Auditors' Report

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

We have audited the accompanying statements of financial condition of Alliance Capital Management Holding L.P. as of December 31, 2000 and 1999, and the related statements of income, changes in partners' capital and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2000. These financial statements are the responsibility of the management of the General Partner. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance Capital Management Holding L.P. as of December 31, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

KPMG LLG

New York, New York
February 2, 2001

ALLIANCE CAPITAL MANAGEMENT L.P.
AND SUBSIDIARIES
Consolidated Statements of Financial Condition
(in thousands)

	December 31,	
	2000	1999
ASSETS		
Cash and cash equivalents	$216,251	$80,185
Cash and securities segregated, at market (cost $1,289,120)	1,306,334	-
Receivables:		
Brokers and dealers	1,316,694	218,569
Brokerage clients	187,945	-
Fees	401,609	309,849
Investments, available-for-sale	340,318	98,620
Furniture, equipment and leasehold improvements, net	199,699	140,045
Intangible assets, net	3,430,708	98,068
Deferred sales commissions, net	715,692	604,723
Other investments	52,925	57,786
Other assets	102,587	53,216
Total assets	$8,270,762	$1,661,061
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Payables:		
Brokers and dealers	$882,576	$61,372
Brokerage clients	1,636,869	-
Alliance Mutual Funds	279,249	254,151
Accounts payable and accrued expenses	238,640	164,550
Accrued compensation and benefits	313,426	235,120
Debt	782,232	390,079
Minority interests in consolidated subsidiaries	4,093	3,122
Total liabilities	4,137,085	1,108,394
Commitments and contingencies		
Partners' capital:		
General Partner	43,005	5,812
Limited partners: 246,992,617 and 171,861,373 Units issued and outstanding	4,255,560	575,385
	4,298,565	581,197
Less: Capital contributions receivable from General Partner	32,668	31,154
Deferred compensation expense	130,377	-
Accumulated other comprehensive income	1,843	(2,624)
Total partners' capital	4,133,677	552,667
Total liabilities and partners' capital	$8,270,762	$1,661,061

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE CAPITAL MANAGEMENT L.P.
AND SUBSIDIARIES*

Consolidated Statements of Income
For the Years Ended December 31,
(in thousands, except per Unit amounts)

		1999			
	2000	Two Months	Ten Months	Combined For 1999	Alliance Holding 1998

		Ended December 31	Ended October 29		
Revenues:					
Investment advisory and services fees	$1,689,817	$324,255	$1,007,503	$1,331,758	$952,992
Distribution revenues	621,622	87,611	354,161	441,772	301,846
Institutional research services	56,289	-	-	-	-
Shareholder servicing fees	85,645	11,636	50,696	62,332	43,475
Other revenues, net	68,726	7,313	26,130	33,443	25,743
	2,522,099	430,815	1,438,490	1,869,305	1,324,056
Expenses:					
Employee compensation and benefits	651,884	137,771	370,795	508,566	340,923
Promotion and servicing:					
Distribution plan payments	476,039	65,256	281,386	346,642	266,400
Amortization of deferred sales commissions	219,664	31,229	132,713	163,942	108,853
Other	148,740	21,676	88,468	110,144	85,087
General and administrative	226,710	33,385	151,369	184,754	162,323
Interest	44,244	5,856	16,729	22,585	7,586
Amortization of intangible assets	46,252	641	3,211	3,852	4,172
Non-recurring items, net	(779)	-	-	-	-
	1,812,754	295,814	1,044,671	1,340,485	975,344
Income before income taxes	709,345	135,001	393,819	528,820	348,712
Income taxes	40,596	8,098	59,073	67,171	55,796
Net income	$668,749	$126,903	$334,746	$461,649	$292,916
Net income per Unit:					
Basic	$3.31			$2.67	$1.71
Diluted	$3.20			$2.59	$1.66

* As discussed in Notes 1 and 3, the financial information above reflects the operations of Alliance Capital Management Holding L.P. prior to the Reorganization effective October 29, 1999 and of Alliance Capital Management L.P. thereafter.

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE CAPITAL MANAGEMENT L.P.
AND SUBSIDIARIES*

Consolidated Statements of Changes in Partners' Capital
and Comprehensive Income
For the Years Ended December 31,
(in thousands, except per Unit amounts)

	General Partner's Capital	Limited Partners' Capital	Capital Contributions Receivable	Deferred Compensation Expense	Accumulated Other Comprehensive Income	Total Partners' Capital
Balance at December 31, 1997	$4,327	$428,353	$(29,123)	$(3,500)	$(2,006)	$398,051
Comprehensive Income:						
Net income	2,929	289,987	-	-	-	292,916
Other comprehensive income:						
Unrealized gain on investments, net	-	-	-	-	837	837
Foreign currency translation adjustment, net	-	-	-	-	834	834
Comprehensive Income	2,929	289,987	-	-	1,671	294,587
Cash distributions to partners ($1.60 per Alliance Holding Unit)	(2,744)	(271,700)	-	-	-	(274,444)
Amortization of deferred compensation expense	-	-	-	3,000	-	3,000
Capital contributions from General Partner	-	-	716	-	-	716
Compensation plan accrual	21	2,091	(2,112)	-	-	-
Proceeds from options for Alliance Holding Units exercised	84	8,279	-	-	-	8,363
Balance at December 31, 1998	4,617	457,010	(30,519)	(500)	(335)	430,273

Comprehensive Income:						
Net income	3,347	331,399	-	-	-	334,746
Other comprehensive income:						
Unrealized gain on investments, net	-	-	-	-	370	370
Foreign currency translation adjustment, net	-	-	-	-	1,035	1,035
Comprehensive Income	3,347	331,399	-	-	1,405	336,151
Cash distributions to partners ($1.51 per Alliance Holding Unit)	(2,608)	(258,137)	-	-	-	(260,745)
Amortization of deferred compensation expense	-	-	-	500	-	500
Capital contributions from General Partner	-	-	686	-	-	686
Compensation plan accrual	18	1,752	(1,770)	-	-	-
Proceeds from options for Alliance Holding Units exercised	120	11,853	-	-	-	11,973
Balance prior to October 29, 1999 Reorganization	5,494	543,877	(31,603)	-	1,070	518,838
Comprehensive Income:						
Net income	1,269	125,634	-	-	-	126,903
Other comprehensive income:						
Unrealized gain on investments, net	-	-	-	-	1,645	1,645
Foreign currency translation adjustment, net	-	-	-	-	(91)	(91)
Comprehensive Income	1,269	125,634	-	-	1,554	128,457
Cash distributions to partners ($0.56 per Alliance Capital Unit)	(971)	(96,141)	-	-	-	(97,112)
Capital contributions from General Partner	-	-	406	-	-	406
Compensation plan accrual	(1)	(42)	43	-	-	-
Proceeds from options for Alliance Holding Units exercised	21	2,057	-	-	-	2,078
Balance at December 31, 1999	5,812	575,385	(31,154)	-	2,624	552,667
Comprehensive Income:						
Net income	6,687	662,062	-	-	-	668,749
Other comprehensive income:						
Unrealized loss on investments, net	-	-	-	-	(2,131)	(2,131)
Foreign currency translation adjustment, net	-	-	-	-	(2,336)	(2,336)
Comprehensive Income	6,687	662,062	-	-	(4,467)	664,282
Cash distributions to partners ($3.45 per Alliance Capital Unit)	(6,332)	(626,831)	-	-	-	(633,163)
Capital contributions from General Partner	-	-	658	-	-	658
Purchase of Alliance Holding Units to fund deferred compensation plans	-	(2,002)	-	(144,624)	-	(146,626)
Amortization of deferred compensation expense	-	-	-	14,247	-	14,247
Proceeds from issuance of Alliance Capital Units to ELAS and AXA Financial	16,295	1,613,230	-			1,629,525
Issuance of Alliance Capital Units for Bernstein Acquisition	20,604	2,039,796	-	-	-	2,060,400
Purchase of Alliance Capital Units from Alliance Holding	(280)	(27,762)	-	-	-	(28,042)
Compensation plan accrual	22	2,150	(2,172)	-	-	-
Proceeds from options for Alliance Holding Units exercised and associated tax benefit	197	19,532	-	-	-	19,729
Balance at December 31, 2000	$43,005	$4,255,560	$(32,668)	$(130,377)	$(1,843)	$4,133,677

* As discussed in Notes 1 and 3, the financial information above reflects the operations of Alliance Capital Management Holding L.P. prior to the Reorganization effective October 29, 1999 and of Alliance Capital Management L.P. thereafter.

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE CAPITAL MANAGEMENT L.P.
AND SUBSIDIARIES*

Consolidated Statements of Cash Flows
For the Years Ended December 31,
(in thousands)

		1999			
	2000	Two Months Ended December 31	Ten Months Ended October 29	Combined For 1999	Alliance Holding 1998
Cash flows from operating activities:					
Net income	$668,749	$126,903	$334,746	$461,649	$292,916

Adjustments to reconcile net income to net cash provided from (used in) operating activities:					
Amortization and depreciation	301,618	35,641	152,635	188,276	129,374
Non-recurring items, net	34,634	-	-	-	-
Other, net	64,603	3,646	18,120	21,766	12,873
Changes in assets and liabilities:					
(Increase) in segregated cash and securities	(620,716)	-	-	-	-
(Increase) decrease in receivable from brokers and dealers	95,193	(43,637)	(15,777)	(59,414)	(90,389)
(Increase) in receivable from brokerage clients	(56,984)	-	-	-	-
(Increase) in fees receivable	(28,868)	(75,298)	(61,440)	(136,738)	(32,399)
(Increase) in deferred sales commissions	(330,633)	(67,114)	(326,258)	(393,372)	(232,514)
(Increase) decrease in other investments	3,611	(16,626)	(17,935)	(34,561)	(14,708)
(Increase) in other assets	(17,478)	(21,791)	(278)	(22,069)	(10,666)
Increase in payable to Alliance Mutual Funds	24,987	46,813	7,981	54,794	102,321
Increase (decrease) in payable to brokers and dealers	(15,836)	30,510	(8,178)	22,332	10,722
Increase in payable to brokerage clients	463,159	-	-	-	-
Increase (decrease) in accounts payable and accrued expenses	54,499	(10,009)	7,988	(2,021)	62,861
Increase (decrease) in accrued compensation and benefits, less deferred compensation	41,864	(43,863)	167,304	123,441	27,634
Net cash provided from (used in) operating activities	682,402	(34,825)	258,908	224,083	258,025
Cash flows from investing activities:					
Purchase of investments	(4,387,839)	(301,448)	(888,180)	(1,189,628)	(476,826)
Proceeds from sale of investments	4,184,128	287,425	900,130	1,187,555	430,266
Purchase of businesses, net of cash acquired	(1,475,400)	-	(142)	(142)	(2,911)
Additions to furniture, equipment and leasehold improvements, net	(75,796)	(13,033)	(50,463)	(63,496)	(31,910)
Net cash (used in) investing activities	(1,754,907)	(27,056)	(38,655)	(65,711)	(81,381)
Cash flows from financing activities:					
Proceeds from issuance of debt	6,511,357	867,854	2,043,616	2,911,470	926,012
Repayment of debt	(6,142,982)	(707,001)	(2,015,874)	(2,722,875)	(826,375)
Cash distributions to partners	(633,163)	(97,112)	(260,745)	(357,857)	(274,444)
Proceeds from issuance of Alliance Capital Units to ELAS and AXA Financial	1,629,525	-	-	-	-
Purchase of Alliance Capital Units from Alliance Holding	(28,042)	-	-	-	-
Capital contributions from General Partner	658	406	686	1,092	716
Proceeds from options for Alliance Holding Units exercised and associated tax benefit	19,729	2,078	11,973	14,051	8,363
Purchase of Alliance Holding Units to fund deferred compensation plans	(146,626)	-	-	-	-
Net cash provided from (used in) financing activities	1,210,456	66,225	(220,344)	(154,119)	(165,728)
Effect of exchange rate changes on cash and cash equivalents	(1,885)	529	217	746	509
Net increase in cash and cash equivalents	136,066	4,873	126	4,999	11,425
Cash and cash equivalents at beginning of the period	80,185	75,312	75,186	75,186	63,761
Cash and cash equivalents at end of the period	$216,251	$80,185	$75,312	$80,185	$75,186

* As discussed in Notes 1 and 3, the financial information above reflects the operations of Alliance Capital Management Holding L.P. prior to the Reorganization effective October 29, 1999 and of Alliance Capital Management L.P. thereafter.

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE CAPITAL MANAGEMENT L.P.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2000, 1999 and 1998

1. Reorganization and Bernstein Acquisition

Effective October 29, 1999, Alliance Holding reorganized by transferring its business to Alliance Capital in exchange for all of the Alliance Capital Units. As part of the Reorganization, Alliance Holding offered each Alliance Holding Unitholder the opportunity to exchange Alliance Holding Units for Alliance Capital Units on a one-for-one basis. The Operating Partnership recorded the transferred assets and assumption of liabilities at the amounts reflected in Alliance Holding's books and records on the date of transfer. Since the Reorganization, the Operating Partnership has conducted the diversified investment management services business formerly conducted by Alliance Holding, and Alliance Holding's business has consisted of holding Alliance Capital Units and engaging in related activities. Alliance, an indirect wholly owned subsidiary of AXA Financial, is the general partner of both Alliance Holding and the Operating Partnership. AXA Financial is an indirect wholly-owned subsidiary of AXA, a French company, that is a holding company for an international group of insurance and related financial services companies. Alliance Capital is a registered investment adviser under the Investment

Advisers Act of 1940. Alliance Holding Units are publicly traded on the New York Stock Exchange while Alliance Capital Units do not trade publicly and are subject to significant restrictions on transfer.

On October 2, 2000, the Operating Partnership acquired the business and assets of SCB Inc., an investment research and management company formerly known as Bernstein, and assumed the liabilities of Bernstein. The purchase price consisted of a cash payment of $1.4754 billion and 40.8 million newly issued Alliance Capital Units. AXA Financial purchased approximately 32.6 million newly issued Alliance Capital Units for $1.6 billion on June 21, 2000 to fund the cash portion of the purchase price.

At December 31, 2000, Alliance Holding owned approximately 73.2 million, or 30%, of the issued and outstanding Alliance Capital Units. Alliance owns 100,000 general partnership Units in Alliance Holding and a 1% general partnership interest in the Operating Partnership. At December 31, 2000, AXA Financial was the beneficial owner of approximately 2% of the outstanding Alliance Holding Units and approximately 53% of the outstanding Alliance Capital Units which, including the general partnership interests in the Operating Partnership and Alliance Holding, represents an economic interest of approximately 53% in the Operating Partnership. At December 31, 2000, SCB Partners Inc., a wholly owned subsidiary of SCB Inc., was the beneficial owner of approximately 17% of the outstanding Alliance Capital Units.

2. Business Description

The Operating Partnership provides diversified investment management and related services globally to a broad range of clients including (a) institutional investors, consisting of unaffiliated entities such as corporate and public employee pension funds, endowment funds, domestic and foreign institutions and governments and affiliates such as AXA and its insurance company subsidiaries, by means of separate accounts, sub-advisory relationships resulting from the efforts of the institutional marketing department, structured products, group trusts and mutual funds and classes of mutual fund shares sold exclusively to institutional investors and high net worth individuals, (b) private clients, consisting of high net worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations and other entities, by means of separate accounts, hedge funds and certain other vehicles, (c) individual investors by means of publicly distributed mutual funds sponsored by the Operating Partnership, its subsidiaries and affiliated joint venture companies including cash management products such as money market funds and deposit accounts and sub-advisory relationships in respect of mutual funds sponsored by third parties resulting from the efforts of the mutual fund marketing department (“Alliance Mutual Funds”) and “wrap” products, and (d) institutional investors by mean of in-depth research, portfolio strategy, trading and brokerage-related services. The Operating Partnership and its subsidiaries provide investment management, distribution and shareholder and administrative services to the Alliance Mutual Funds.

3. Summary of Significant Accounting Policies

Basis of Presentation

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

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

Principles of Consolidation

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

Cash and Cash Equivalents

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

Investments

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

Furniture, Equipment and Leasehold Improvements

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

Intangible Assets

Intangible assets consist principally of goodwill resulting from acquisitions and costs assigned to contracts of businesses acquired. Goodwill is being amortized on a straight-line basis over estimated useful lives ranging from twenty to forty years. Costs assigned to investment contracts of businesses acquired are being amortized on a straight-line basis over estimated useful lives of twenty years. Impairment of intangible assets is evaluated by comparing the undiscounted cash flows expected to be realized from those intangible assets to their recorded values. If the expected future cash flows are less than the carrying value of intangible assets, an impairment loss is recognized for the difference between the carrying amount and the estimated fair value of those intangible assets.

Deferred Sales Commissions

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

shareholders of those funds upon the redemption of their shares. Contingent deferred sales charges reduce unamortized deferred sales commissions when received.

Derivative Financial Instruments

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

Revenue Recognition

Investment advisory and services base fees are recorded as revenue as the related services are performed. Certain investment advisory contracts provide for a performance fee, in addition to or in lieu of a base fee, that is calculated as either a percentage of absolute investment results or a percentage of investment results in excess of a stated benchmark over a specified period of time. Performance fees are recorded as revenue at the end of the measurement period. Transaction charges earned and related expenses are recorded on a trade date basis. Distribution revenues and shareholder servicing fees are accrued as earned.

Institutional research services revenue consists of brokerage transaction charges and underwriting syndicate revenues related to services provided to institutional investors. Brokerage transaction charges earned and related expenses are recorded on a trade date basis. Syndicate participation and underwriting revenues include gains, losses and fees, net of syndicate expenses, arising from securities offerings in which SCB LLC, a wholly owned subsidiary of the Operating Partnership, acts as an underwriter or agent. Syndicate participation and underwriting revenues are recorded on the offering date.

Mutual Fund Underwriting Activities

Purchases and sales of shares of Alliance Mutual Funds in connection with the underwriting activities of the Operating Partnership's subsidiaries, including related commission income, are recorded on trade date. Receivables from brokers and dealers for sale of shares of Alliance Mutual Funds are generally realized within three business days from trade date, in conjunction with the settlement of the related payables to Alliance Mutual Funds for share purchases.

Collateralized Securities Transactions

Securities borrowed and securities loaned are recorded at the amount of cash collateral advanced or received in connection with the transaction and are included in receivables from and payables to brokers and dealers in the consolidated statement of financial condition. Securities borrowed transactions require SCB LLC. to deposit cash or other collateral with the lender. With respect to securities loaned, SCB LLC receives collateral. The initial collateral advanced or received approximates or is greater than the fair value of securities borrowed or loaned. SCB LLC monitors the fair value of the securities borrowed and loaned on a daily basis and requests additional collateral or returns excess collateral as appropriate. Income or expense is recognized over the life of the transactions.

Securities Transactions

Customers' securities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis. Receivables from and payables to customers include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for receivables. Such collateral is not reflected in the consolidated financial statements. Principal securities transactions and related expenses are recorded on a trade date basis. Transaction charges earned on customer securities transactions were $74,955,000 for the year ended December 31, 2000.

Option Plans

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

Advertising

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

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated into United States dollars at exchange rates in effect at the balance sheet dates, and related revenues and expenses are translated into United States dollars at average exchange rates in effect during each period. Net foreign currency gains and losses resulting from the translation of assets and liabilities of foreign operations into United States dollars are reported as a separate component of accumulated other comprehensive income in partners' capital. Net foreign currency gains and losses for the three-year period ended December 31, 2000 were not material.

Cash Distributions

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

Comprehensive Income

Total comprehensive income is reported in the Consolidated Statements of Changes in Partners' Capital and Comprehensive Income and includes net income, unrealized gains and losses on investments classified as available-for-sale, and foreign currency translation adjustments. The accumulated balance of comprehensive income items is displayed separately in the partners' capital section of the Consolidated Statements of Financial Condition.

Reclassifications

Certain amounts in the 1999 and 1998 consolidated financial statements have been reclassified to conform with the 2000 presentation.

4. Acquisitions

On October 2, 2000, Alliance Capital acquired the business and assets of Bernstein and assumed the liabilities of the Bernstein business. The purchase price consisted of a cash payment of $1.4754 billion and 40.8 million newly issued Alliance Capital units. AXA Financial purchased approximately 32.6 million newly issued Alliance Capital units for $1.6 billion on June 21, 2000 to fund the cash portion of the purchase price.

The acquisition was accounted for under the purchase method with the results of Bernstein included in the consolidated financial statements from the acquisition date. The cost of the acquisition was allocated on the basis of the estimated fair value of the assets acquired and liabilities assumed. Portions of the purchase price were identified as net tangible assets of $0.1 billion and costs assigned to contracts acquired of $0.4 billion. Costs assigned to contracts acquired are being amortized over twenty years. The excess of the purchase price over the fair value of net assets acquired resulted in the recognition of goodwill of approximately $3.0 billion and is being amortized over twenty years.

On December 22, 1998, a subsidiary of Alliance Holding acquired Whittingdale Holdings Limited ("Whittingdale"). The purchase price consists of an initial payment of $4.8 million in cash and two deferred payments of $3.5 million and $3.2 million, based on the attainment of certain revenue levels by Whittingdale. In connection with the Reorganization, the Operating Partnership assumed all of Alliance Holding's rights and obligations with respect to the Whittingdale acquisition. The Operating Partnership also has agreed to pay up to $6.7 million to the former owner of Whittingdale. The amount of this payment is based upon revenues in the year 2003 and will be expensed if and when the payment is incurred. The acquisition was accounted for under the purchase method with the results of Whittingdale included in the consolidated financial statements from the acquisition date. The excess of the purchase price over the fair value of net assets acquired resulted in the recognition of goodwill of approximately $8.8 million, which increased to $10.3 million in 2000, and is being amortized over twenty years. Pro forma financial information for the year ended December 31, 1998 reflecting the effects of the acquisition is not presented because it would not be materially different from the actual results reported.

On February 29, 1996, Alliance Holding acquired substantially all of the assets and liabilities of Cursitor Holdings, L.P. ("CHLP") and all of the outstanding shares of Cursitor Holdings Limited, currently Cursitor Alliance Holdings Limited (collectively, "Cursitor"), for approximately $159.0 million. The acquisition of Cursitor, which was accounted for under the purchase method, resulted in the formation of a new subsidiary, Cursitor Alliance LLC ("Cursitor Alliance"), in which CHLP owns a 7% minority equity interest. CHLP has exercised its option to require the Operating Partnership to purchase its minority interest in Cursitor Alliance for $10.0 million (See Note 14). During the fourth quarter of 2000, management of the Operating Partnership determined that the remaining value of the intangible assets recorded in connection with this acquisition was impaired and wrote-off the remaining balance, resulting in a charge of $16.6 million.

5. Pro Forma Financial Information (Unaudited)

The following table summarizes the unaudited condensed 2000 and 1999 results of operations of the Operating Partnership as if the Bernstein Acquisition had occurred on January 1, 2000 and January 1, 1999.

The pro forma financial information does not necessarily reflect the results of operations that would have been obtained had the Bernstein Acquisition occurred on January 1, 2000 and January 1, 1999, nor is the pro forma financial information necessarily indicative of the results of operations that may be achieved for any future period.

	2000	1999
		(in thousands)
Revenues	$3,117,697	$2,695,724
Expenses	2,348,107	2,009,467
Income before income taxes	769,590	686,257
Income taxes	50,020	44,606
Net income	$719,570	$641,651
Basic net income per Unit	$2.91	$2.59
Diluted net income per Unit	$2.82	$2.54

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

At December 31, 2000, $1,306,330,000 in United States Treasury Bills was segregated in a special reserve bank custody account for the exclusive benefit of customers under rule 15c3-3 of the Securities and Exchange Commission ("SEC").

7. Net Income Per Unit

Basic net income per Unit is derived by reducing net income for the 1% General Partner interest and dividing the remaining 99% by the weighted average number of Units outstanding. Diluted net income per Unit is derived by reducing net income for the 1% General Partner interest and dividing the remaining 99% by the total of the weighted average number of Units outstanding and the dilutive Unit equivalents resulting from outstanding employee options. All information prior to the Reorganization is that of Alliance Holding. (In thousands, except per Unit amounts):

	2000	1999	Alliance Holding 1998
Net income	$668,749	$461,649	$292,916
Weighted average Units outstanding-Basic	199,980	171,155	169,933
Dilutive effect of employee options	6,744	5,153	5,210

Weighted average Units outstanding-Diluted	206,724	176,308	175,143
Basic net income per Unit	$3.31	$2.67	$1.71
Diluted net income per Unit	$3.20	$2.59	$1.66

8. Investments, Available-for-Sale

At December 31, 2000 and 1999, investments available-for-sale consisted principally of investments in Alliance Mutual Funds. The amortized cost, gross unrealized gains and losses and fair value of investments, available-for-sale, were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2000	$338,845	$1,756	$(283)	$340,318
December 31, 1999	$95,016	$3,791	$(187)	$98,620

Proceeds from sales of investments, available-for-sale, were approximately $4,184,128,000, $1,187,555,000 and $430,266,000 in 2000, 1999 and 1998, respectively. Gross gains and gross losses realized from the sales for the years ended December 31, 2000, 1999 and 1998 were not material.

9. Furniture, Equipment and Leasehold Improvements

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

	December 31,	
	2000	1999
Furniture and equipment	$211,477	$133,824
Leasehold improvements	125,604	92,251
	337,081	226,075
Less: Accumulated depreciation and amortization	137,382	86,030
Furniture, equipment and leasehold improvements, net	$199,699	$140,045

During fourth quarter 2000, management of the Operating Partnership determined that the remaining value of certain leasehold improvements was impaired and a write-off of $18 million was recorded.

10. Intangible Assets

Intangible assets consist of (in thousands):

	December 31,	
	2000	1999
Goodwill, net of accumulated amortization of $62,704 and $20,013 in 2000 and 1999, respectively	$3,021,883	$80,434
Costs assigned to investment contracts of businesses acquired, net of accumulated amortization of $95,689 and $89,514 in 2000 and 1999, respectively	408,825	17,634
Intangible assets, net	$3,430,708	$98,068

11. Other Investments

Other investments are comprised of (in thousands):

	December 31,	
	2000	1999
Investments in sponsored partnerships and other investments	$44,947	$48,335
Investments in unconsolidated affiliates	7,978	9,451
Other investments	$52,925	$57,786

12. Debt

During 1998, Alliance Holding increased its commercial paper program to $425 million and entered into a $425 million five-year revolving credit facility with a group of commercial banks. Under the credit facility, the interest rate, at the option of the borrower, is a floating rate generally based upon a defined prime rate, a rate related to the London Interbank Offered Rate (LIBOR) or the Federal Funds rate. A facility fee is payable on the total facility.

Borrowings under the credit facility and the commercial paper program may not exceed $425 million in the aggregate. In connection with the Reorganization, the Operating Partnership assumed Alliance Holding's rights and obligations under the five-year revolving credit facility and the commercial paper program. The revolving credit facility will be used to provide back-up liquidity for the Operating Partnership's commercial paper program, to fund commission payments to financial intermediaries for the sale of Back-End Load Shares under the Operating Partnership's mutual fund distribution system, and for general working capital purposes.

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

During October 2000, the Operating Partnership entered into a $250 million two-year revolving credit facility the terms of which are substantially similar to the $425 million and $200 million revolving credit facilities.

The revolving credit facilities contain covenants which, among other things, require the Operating Partnership to meet certain financial ratios. The Operating Partnership was in compliance with the covenants at December 31, 2000.

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

At December 31, 2000 and 1999, the Operating Partnership had $396.9 million and $384.7 million of commercial paper outstanding, respectively, at effective interest rates of 6.7% and 5.9%, respectively. At December 31, 2000, the Operating Partnership had $98.2 million outstanding under the ECN Program, at an effective interest rate of 6.8%. At December 31, 2000, the Operating Partnership had $284 million outstanding under its revolving credit facilities, at an effective interest rate of 7.0%. There were no amounts outstanding under the ECN Program and the credit facilities at December 31, 1999. The recorded amounts of outstanding commercial paper, and debt outstanding under the ECN Program and revolving credit facilities approximates fair value.

Debt also includes a loan note issued in connection with the Whittingdale acquisition in the aggregate principal amount of $3.1 million at December 31, 2000. The note bears interest at 5.4% per annum at December 31, 2000. The recorded amount of the note approximated its fair value.

13. Interest Rate Cap Agreement

Alliance Holding entered into a three-year interest rate cap agreement with a major U.S. commercial bank, effective in December 1998, which was assumed by the Operating Partnership in connection with the Reorganization. The purpose of this agreement is to reduce the Operating Partnership's exposure to interest rate risk by effectively placing an interest rate ceiling or "cap" of 6% per annum on interest payable on up to $100 million of the debt outstanding under the commercial paper program and the five-year revolving credit facility. The fair value of the interest rate cap was approximately $135,000 at December 31, 2000, and the carrying value of the unamortized premium was $290,694.

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

14. Commitments and Contingencies

The Operating Partnership and its subsidiaries lease office space, furniture and office equipment under various operating leases. The future minimum payments under noncancelable leases, net of sublease commitments, at December 31, 2000 aggregated $1,053,487,000 and are payable as follows: $56,142,000, $62,246,000, $60,978,000, $72,279,000 and $65,535,000 for the years 2001 through 2005, respectively, and a total of $736,307,000 for the remaining years through 2019. 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, 2000, 1999 and 1998 was $46,157,000, $31,907,000 and $25,062,000, respectively.

In connection with the Cursitor acquisition, Alliance Holding obtained an option to purchase the minority interest held by CHLP in Cursitor Alliance, and CHLP obtained an option to sell its minority interest to Alliance Holding for cash, Alliance Holding Units, or a combination thereof with a value of not less than $10.0 million or more than $37.0 million ("Buyout Price"). The Operating Partnership assumed all of Alliance Holding's rights and obligations with respect to CHLP in connection with the Reorganization. CHLP exercised its option to require the Operating Partnership to purchase its minority interest in Cursitor Alliance for a Buyout Price of $10.0 million.

Alliance Capital and Alliance Holding are involved in various inquiries, administrative proceedings and litigation, some of which allege substantial damages. While any proceeding or litigation has the element of uncertainty, Alliance Capital and Alliance Holding believe that the outcome of any lawsuit or claim that is pending or threatened, or all of them combined will not have a material adverse effect on Alliance Capital's or Alliance Holding's results of operations or financial condition.

15. Net Capital

SCB LLC, a wholly owned subsidiary of the Operating Partnership, is a broker-dealer and member of the NYSE. SCB LLC is subject to Uniform Net Capital Rule 15c3-1 of the SEC. SCB LLC computes its net capital under the alternative method permitted by the rule, which requires that minimum net capital, as defined, equal the greater of two percent of aggregate debit items arising from customer transactions, as defined, which amounts to $8,382,000, or $1,000,000. At December 31, 2000, SCB LLC had net capital of $164,903,000, which exceeded the minimum net capital requirements by $156,521,000.

Advances, dividend payments and other equity withdrawals by SCB LLC are restricted by the regulations of the SEC, NYSE and other securities agencies. At December 31, 2000, $20,957,000 was not available for payment of cash dividends and advances.

AFD, a wholly owned subsidiary of the Operating Partnership, serves as distributor and/or underwriter for certain Alliance Mutual Funds. AFD is registered as a broker-dealer under the Securities Exchange Act of 1934 and is subject to the minimum net capital requirements imposed by the SEC. AFD's net capital at December 31, 2000 was $45,607,000, which was $31,179,000 in excess of its required net capital of $14,428,000.

16. Risk Management

Customer Activities

In the normal course of business, brokerage activities involve the execution, settlement and financing of various customer securities, which may expose SCB LLC to off-balance sheet risk in the event the customer is unable to fulfill its contracted obligations by requiring SCB LLC to purchase or sell securities at prevailing market prices.

SCB LLC's customer securities activities are transacted on either a cash or margin basis. In margin transactions, SCB LLC extends credit to the customer, subject to various regulatory and internal margin requirements. These transactions are collateralized by cash or securities in the customer's account. In connection with these activities, SCB LLC may execute and clear customer transactions involving the sale of securities not yet purchased. SCB LLC seeks to control the risks associated with margin transactions by requiring customers to maintain collateral in compliance with the aforementioned regulatory and internal guidelines. SCB LLC monitors required margin levels daily and, pursuant to such guidelines, requires the customers to deposit additional collateral, or reduce positions, when necessary. A majority of SCB LLC's customer margin accounts are managed on a discretionary basis whereby SCB LLC maintains control over the investment activity in the accounts. For these discretionary accounts, SCB LLC's margin deficiency exposure is minimized through maintaining a diversified portfolio of securities and by virtue of its discretionary authority and role as custodian.

SCB LLC may enter into forward currency contracts on behalf of accounts for which SCB LLC acts as custodian. SCB LLC minimizes credit risk associated with these contracts by monitoring these positions on a daily basis, as well as by virtue of its discretionary authority and role as custodian.

In accordance with industry practice, SCB LLC records customer transactions on a settlement date basis, which is generally three business days after trade date. SCB LLC is therefore exposed to risk of loss on these transactions in the event of the customer's or broker's inability to meet the terms of their contracts, in which case SCB LLC may have to purchase or sell financial instruments at prevailing market prices. Settlement of these transactions is not expected to have a material effect upon SCB LLC's financial statements.

Other Counterparties

SCB LLC is engaged in various brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, SCB LLC may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is SCB LLC's policy to review, as necessary, the credit standing of each counterparty.

In connection with SCB LLC's security borrowing and lending arrangements, which constitute the majority of the receivable from and payable to brokers and dealers, SCB LLC enters into collateralized agreements which may result in credit exposure in the event the counterparty to a transaction is unable to fulfill its contractual obligations. Security borrowing arrangements require SCB LLC to deposit cash collateral with the lender. With respect to security lending arrangements, SCB LLC receives collateral in the form of cash in amounts generally in excess of the market value of the securities loaned. SCB LLC minimizes credit risk associated with these activities by establishing credit limits for each broker and monitoring these limits on a daily basis. Additionally, security borrowing and lending collateral is marked to market on a daily basis, and additional collateral is deposited by or returned to SCB LLC as necessary.

17. Employee Benefit Plans

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

The Operating Partnership maintains a qualified profit sharing plan covering substantially all U.S. and certain foreign employees except former employees of Bernstein. The amount of the annual contribution to the plan is determined by a committee of the Board of Directors of the General Partner. Contributions are limited to the maximum amount deductible for federal income tax purposes, generally 15% of the total annual compensation of eligible participants. Aggregate contributions for 2000, 1999 and 1998 were $13,628,000, $11,415,000 and $10,049,000, respectively.

The Operating Partnership maintains a qualified 401(k) plan covering former employees of Bernstein. The amount of the annual contribution to the plan is determined by a committee of the Board of Directors of the General Partner. Contributions are limited to the maximum amount deductible for federal income tax purposes. Aggregate contributions for 2000 were $4,059,000.

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

The projected benefit obligation under the retirement plan at December 31, 2000 and 1999 was comprised of (in thousands):

	2000	1999
Benefit obligation at beginning of year	$31,142	$33,481
Service cost	3,239	3,599
Interest cost	2,481	2,313
Actuarial gains/losses	2,606	(7,799)
Benefits paid	(541)	(452)
Benefit obligation at end of year	$38,927	$31,142

Changes in plan assets at fair value for the years ended December 31, 2000 and 1999 were comprised of (in thousands):

	2000	1999
Plan assets at fair value at beginning of year	$37,862	$32,244
Actual return on plan assets	(4,462)	6,070
Benefits paid	(541)	(452)
Plan assets at fair value at end of year	$32,859	$37,862

The following table presents the retirement plan's funded status and amounts recognized in the consolidated statements of financial condition at December 31, 2000 and 1999 (in thousands):

	2000	1999
Funded status	$(6,068)	$6,720
Unrecognized net gain from past experience different from that assumed and effects of changes in assumptions	(4,457)	(15,773)
Prior service cost not yet recognized in net periodic pension cost	(1,195)	(1,308)
Unrecognized net plan assets at January 1, 1987 being recognized over 26.3 years	(1,763)	(1,906)
Accrued pension expense included in accrued compensation and benefits	$(13,483)	$(12,267)

Net expense under the retirement plan for the years ended December 31, 2000, 1999 and 1998 was comprised of (in thousands):

	2000	1999	1998
Service cost	$3,239	$3,599	$2,769
Interest cost on projected benefit obligations	2,481	2,313	1,891
Expected return on plan assets	(3,710)	(3,160)	(2,393)
Net amortization and deferral	(794)	(331)	(271)
Net pension charge	$1,216	$2,421	$1,996

Actuarial computations at December 31, 2000, 1999 and 1998 were made utilizing the following assumptions:

	2000	1999	1998
Discount rate on benefit obligations	7.75%	8.00%	7.00%
Expected long-term rate of return on plan assets	10.00%	10.00%	10.00%
Annual salary increases	5.66%	5.66%	5.66%

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

18. Deferred Compensation Plans

The Operating Partnership maintains a nonqualified unfunded deferred compensation plan known as the Capital Accumulation Plan and assumed obligations under contractual unfunded deferred compensation arrangements covering certain executives.

The Capital Accumulation Plan was frozen on December 31, 1987 and no additional awards have been made. The Board of Directors of the General Partner may terminate the Capital Accumulation Plan at any time without cause, in which case the Operating Partnership's liability would be limited to benefits that have vested. Benefits due eligible executives under the contractual unfunded deferred compensation arrangements vested on or before December 31, 1987. Payment of vested benefits under both the Capital Accumulation Plan and the contractual unfunded deferred compensation arrangements will generally be made over a ten-year period commencing at retirement age. ACMC, Inc., a subsidiary of AXA Financial, is obligated to make capital contributions to the Operating Partnership in amounts equal to benefits paid under the Capital Accumulation Plan and the contractual unfunded deferred compensation arrangements. Amounts included in employee compensation and benefits expense for the Capital Accumulation Plan and the contractual unfunded deferred compensation arrangements for the years ended December 31, 2000, 1999 and 1998 were $2,172,000, $1,727,000 and $2,112,000, respectively.

In connection with the acquisition of Bernstein, the Operating Partnership adopted a deferred compensation plan, known as the SCB Deferred Compensation Plan Award, under which the Operating Partnership has agreed to invest $96 million perannum for three years to fund open market purchases of Alliance Holding Units or money market funds, in each case for the benefit of certain individuals who were stockholders or principals of Bernstein or hired to replace them. The awards vest ratably over three years and are amortized as employee compensation expense. Aggregate amortization of $6,805,000 was recorded for the year ended December 31, 2000.

During 1995, the Operating Partnership established an unfunded deferred compensation plan known as the Alliance Partners Compensation Plan (the "Plan") under which certain awards may be granted to eligible executives. A committee comprised of certain executive officers of the General Partner administers the Plan and determines the aggregate amount and recipients of awards. Awards made in 1995 vest ratably over three years. Awards made after 1995 generally vest ratably over eight years. Until distributed, the 1995 through 1998 awards are generally credited with earnings based on the Operating Partnership’s earnings growth rate. Payment of vested 1995 through 1998 benefits will generally be made in cash over a five-year period commencing at retirement or termination of employment although, under certain circumstances, full or partial lump sum payments may be made. Effective for 1999, annual awards are payable in Alliance Holding Units and a subsidiary of the Operating Partnership purchases Alliance Holding Units for the account of each participant. The Alliance Holding Units may not be transferred until vested. The vesting periods range from one to eight years depending on the age of the participant. Participants receive distributions on non-vested Alliance Holding Units during the vesting period. The Plan may be terminated at any time without cause, in which case the Operating Partnership's liability would be limited to vested benefits. The Operating Partnership made awards in 2000, 1999 and 1998 aggregating $62,105,000, $48,210,000 and $25,825,000, respectively. The amounts charged to employee compensation and benefits expense for the Plan for the years ended December 31, 2000, 1999 and 1998 were $18,159,000, $12,044,000 and $6,587,000, respectively.

During 2000, the Operating Partnership established an unfunded deferred compensation plan known as the Annual Elective Deferral Plan (the "Deferral Plan") under which participants may elect to defer a portion of their annual bonus or commission and invest it in the Deferral Plan. A committee comprised of certain executive officers of the General Partner administers the Deferral Plan and the Operating Partnership contributes a supplemental amount equal to 20% of the deferred bonus or commission to the Deferral Plan. The supplemental amounts contributed by the Operating Partnership, which totaled $2,657,000 in 2000, vest ratably over three years and are amortized as employee compensation expense.

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

19. Employee Unit Award and Option Plans

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

During 1988, a Unit Option Plan (the "Unit Option Plan") was established under which options to purchase Alliance Holding Units were granted to certain key employees. A committee of the Board of Directors of the General Partner administers the Unit Option Plan and determines the grantees and the number of options to be granted. Options may be granted for terms of up to ten years and each option must have an exercise price of not less than the fair market value of Alliance Holding Units on the date of grant. Options are exercisable at a rate of 20% of the Alliance Holding Units subject to options on each of the first five anniversary dates of the date of grant. As of December 31, 2000, 1,674,880 options to purchase Alliance Holding Units were outstanding under the Unit Option Plan. No more options may be granted under the Unit Option Plan.

During 1993, the 1993 Unit Option Plan, the Unit Bonus Plan and the Century Club Plan (together the "1993 Plans") were established by Alliance Holding. Committees of the Board of Directors of the General Partner administer the 1993 Plans and determine the recipients of grants and awards. Under the 1993 Unit Option Plan, options to purchase Alliance Holding Units may be granted to key employees for terms of up to ten years. Each option must have an exercise price of not less than the fair market value of Alliance Holding Units on the date of grant. Options are exercisable at a rate of 20% of the Alliance Holding Units subject to options on each of the first five anniversary dates of the date of grant. Under the Unit Bonus Plan, Alliance Holding Units may be awarded to key employees in lieu of all or a portion of the cash bonuses they would otherwise receive under the Operating Partnership's incentive compensation program. Under the Century Club Plan, employees whose primary responsibilities are to assist in the distribution of Alliance Mutual Funds are eligible to receive an award of Alliance Holding Units. The aggregate number of Alliance Holding Units that can be the subject of options granted or that can be awarded under the 1993 Plans may not exceed 6,400,000 Alliance Holding Units. As of December 31, 2000, 3,759,700 Alliance Holding Units were subject to options granted and 22,515 Alliance Holding Units were subject to awards made under the 1993 Plans.

During 1997, the 1997 Long Term Incentive Plan (the "1997 Plan") was established by Alliance Holding. Committees of the Board of Directors of the General Partner administer the 1997 Plan and determine the recipients of Alliance Holding Unit awards, including options, restricted Alliance Holding Units and phantom restricted Alliance Holding Units, performance awards, other Alliance Holding Unit based awards, or any combination thereof. Awards under the 1997 Plan may be granted to key employees for terms established at the time of grant by the Committees. The aggregate number of Alliance Holding Units that can be the subject of options granted or that can be awarded under the 1997 Plan may not exceed 41,000,000 Alliance Holding Units.

During 2000, 1999, and 1998, the Committees authorized the grant of options to employees of the Operating Partnership to purchase 4,698,000, 2,000,000 and 2,777,000 Alliance Holding Units, respectively, under the Unit Option Plan, the 1993 Plans and the 1997 Plan. The per Alliance Holding Unit weighted-average fair value of options granted during 2000, 1999 and 1998 was $8.32, $3.88 and $3.86, respectively, on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rates of 5.9%, 5.7%, and 4.4% for 2000, 1999 and 1998, respectively; expected dividend yield of 7.2% for 2000, 8.7% for 1999 and 6.5% for 1998; and a volatility factor of the expected market price of Alliance Holding's Units of 30% for 2000 and 29% for 1999 and 1998.

The Operating Partnership applies APB 25 in accounting for its option plans and, accordingly, no compensation cost has been recognized for employee options, granted at fair market value, in the consolidated financial statements. Had the Operating Partnership determined compensation cost based on the fair value at the grant date for its employee options under SFAS 123, the Operating Partnership's net income for 2000, the Operating Partnership's and Alliance Holding's combined net income for 1999, and Alliance Holding's net income for 1998 would have been reduced to the pro forma amounts indicated below (in thousands):

	2000	1999	1998
SFAS 123 Pro forma net income	$656,712	$455,546	$289,831

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

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected Alliance Holding Unit price volatility. Because employee options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the options.

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

	Alliance Holding Units	Weighted Average Exercise Price Per Alliance Holding Unit
Outstanding at January 1, 1998	10,637,600	$11.41
Granted	2,777,000	$26.28
Exercised	(938,972)	$8.91
Forfeited	(205,200)	$13.14

Outstanding at December 31, 1998	12,270,428	$14.94
Granted	2,000,000	$30.18
Exercised	(1,477,878)	$9.51
Forfeited	(303,800)	$17.79
Outstanding at December 31, 1999	12,488,750	$17.95
Granted	4,698,000	$50.93
Exercised	(1,688,870)	$10.90
Forfeited	(96,500)	$26.62
Outstanding at December 31, 2000	15,401,380	$28.73
Exercisable at December 31, 2000	6,555,680	

Exercise prices for options outstanding as of December 31, 2000 ranged from $6.63 to $53.75 per Alliance Holding Unit. The weighted-average remaining contractual life of those options is 7.36 years.

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

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding as of 12/31/00	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable as of 12/31/00	Weighted Average Exercise Price
$6.63-$11.13	3,566,480	3.59	$9.60	3,566,480	$9.60
12.44- 26.31	5,229,400	7.26	21.29	2,615,200	19.85
27.31- 30.94	1,910,000	8.93	30.24	374,000	30.24
48.50- 48.50	2,525,000	9.47	48.50	-	-
53.75- 53.75	2,170,500	9.95	53.75	-	-
$6.63-$53.75	15,401,380	7.36	$28.73	6,555,680	$14.87

20. Income Taxes

The Operating Partnership is a private partnership for federal income tax purposes and, accordingly, is not subject to federal and state corporate income taxes. However, the Operating Partnership is subject to the New York City unincorporated business tax ("UBT"). Domestic corporate subsidiaries of the Operating Partnership, which are subject to federal, state and local income taxes, are generally included in the filing of a consolidated federal income tax return. Separate state and local income tax returns are filed. Foreign corporate subsidiaries are generally subject to taxes in the foreign jurisdictions where they are located. Alliance Holding is a publicly traded partnership for federal income tax purposes and is subject to the UBT and, beginning January 1, 1998, a 3.5% federal tax on partnership gross income from the active conduct of a trade or business.

The provision for income taxes, which are all currently payable, consists of (in thousands):

	Years Ended December 31,		
	2000	1999	1998
Partnership unincorporated business taxes	$25,687	$25,607	$16,047
Federal tax on partnership gross business income	-	33,104	30,600
Corporate subsidiaries:			
Federal	6,980	4,250	3,855
State, local and foreign	10,078	4,210	5,294
Current provision for income taxes	42,745	67,171	55,796
Deferred tax benefit – state and local	(2,149)	-	-
Provision for income taxes	$40,596	$67,171	$55,796

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

	Years Ended December 31,		
	2000	1999	1998

UBT statutory rate	$28,374	4.0%	$21,153	4.0%	$13,948	4.0%
Federal tax on partnership gross business income	-	-	33,104	6.3	30,600	8.8
Corporate subsidiaries' federal, state, local and foreign income taxes	15,349	2.2	8,212	1.5	8,878	2.5
Miscellaneous	(3,127)	(0.5)	4,702	0.9	2,370	0.7
Provision for income taxes and effective tax rates	$40,596	5.7%	$67,171	12.7%	$55,796	16.0%

Under Statement of Financial Accounting Standards No. 109 ("SFAS 109"), *"Accounting for Income Taxes",* deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effect of significant items comprising the net deferred tax assets are as follows (in thousands):

	December 31,	
	2000	1999
Deferred tax asset:		
Differences between book and tax treatment of deferred compensation plans	$8,582	$6,587
Differences between book and tax basis of intangible assets	1,802	1,690
Other, primarily accruals deductible when paid	1,436	1,955
	11,820	10,232
Deferred tax liability:		
Differences between book and tax basis of furniture, equipment and leasehold improvements	641	411
Differences between book and tax basis of investment partnerships	354	736
Differences between book and tax basis of intangible assets	492	-
	1,487	1,147
Net deferred tax asset	10,333	9,085
Valuation allowance	(7,284)	(8,185)
Deferred tax asset, net of valuation allowance	$3,049	$900

The net change in the valuation allowance for the year ended December 31, 2000 was $901,000. The valuation allowance primarily relates to uncertainties on the deductibility for UBT purposes of certain compensation related items and the amortization expense related to certain intangibles. The deferred tax asset is included in other assets.

21. Business Segment Information

Alliance Holding adopted Statement of Financial Accounting Standards No. 131 ("SFAS 131"), *"Disclosures about Segments of an Enterprise and Related Information",* in 1999. SFAS 131 establishes standards for the way a public enterprise reports information about operating segments in its annual and interim financial statements. It also establishes standards for related enterprise-wide disclosures about products and services, geographic areas and major customers. Generally, financial information is required to be reported consistent with the basis used by management to allocate resources and assess performance.

Management has assessed the requirements of SFAS 131 and determined that, because the Operating Partnership utilizes a consolidated approach to assess performance and allocate resources, it has only one operating segment. Enterprise-wide disclosures as of and for the years ended December 31, 2000, 1999 and 1998 were as follows:

Services

Total revenues derived from the Operating Partnership's and, prior to the Reorganization, Alliance Holding's investment management services for the years ended December 31, were (in millions):

	2000	1999	1998
Retail	$1,703	$1,291	$885
Institutional investment management	541	419	371
Private client	153	126	43
Institutional research services	56	-	-
Other	69	33	25
Total	$2,522	$1,869	$1,324

Geographic Information

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

	2000	1999	1998
Total revenues:			
United States	$2,144	$1,541	$1,122
International	378	328	202
Total	$2,522	$1,869	$1,324
Long-lived assets:			
United States	$4,328	$803	$536
International	18	40	38
Total	$4,346	$843	$574
Assets under management:			
United States	$394,362	$316,919	$250,894
International	59,317	51,402	35,765
Total	$453,679	$368,321	$286,659

Major Customers

The Alliance Mutual Funds are distributed to individual investors through broker-dealers, insurance sales representatives, banks, registered investment advisers, financial planners and other financial intermediaries. AXA Advisors, a wholly owned subsidiary of AXA Financial that uses members of the AXA Financial insurance agency sales force as its registered representatives, has entered into a selected dealer agreement with AFD and has been responsible for 4%, 4% and 5% of U.S. and offshore mutual fund sales in 2000, 1999, and 1998, respectively. Subsidiaries of Merrill Lynch & Co., Inc. ("Merrill Lynch") were responsible for approximately 18%, 26% and 26% of U.S. and offshore mutual fund sales in 2000, 1999, and 1998, respectively. Citigroup, Inc. ("Citigroup"), parent company of Salomon Smith Barney, was responsible for approximately 5% of U.S. and offshore mutual fund sales in 2000 and 6% in 1999 and 1998. AXA Advisors, Merrill Lynch and Citigroup are under no obligation to sell a specific amount of fund shares and each also sells shares of mutual funds that it sponsors and which are sponsored by unaffiliated organizations.

AXA and the general and separate accounts of Equitable, a wholly owned subsidiary of AXA, (including investments by the separate accounts of Equitable in the funding vehicles EQAT and The Hudson River Trust for certain periods) accounted for approximately 15%, 20% and 22% of total assets under management at December 31, 2000, 1999 and 1998, respectively, and approximately 6%, 8% and 11% of total revenues for the years ended December 31, 2000, 1999 and 1998, respectively. No single institutional client other than AXA and Equitable accounted for more than 1% of total revenues for the years ended December 31, 2000, 1999 and 1998, respectively.

22. Related Party Transactions

Investment management, distribution, and shareholder and administrative services are provided to the Alliance Mutual Funds. Substantially all of these services are provided under contracts that set forth the services to be provided and the fees to be charged. The contracts are subject to annual review and approval by each of the Alliance Mutual Funds' boards of directors or trustees and, in certain circumstances, by the Alliance Mutual Funds' shareholders.

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

	Years Ended December 31,		
	2000	1999	1998
Investment advisory and services fees	$1,021,755	$895,784	$571,768
Distribution revenues	621,622	441,772	301,846
Shareholder servicing fees	85,645	62,332	43,475
Other revenues	11,605	9,935	8,572

Investment management and administration services are provided to AXA and to AXA Financial and certain of their subsidiaries other than the Operating Partnership (the "AXA Subsidiaries") and certain of their affiliates. In addition, certain AXA Subsidiaries distribute Alliance Mutual Funds, for which they receive commissions and distribution payments. Sales of Alliance Mutual Funds through the AXA Subsidiaries, excluding cash management products, aggregated approximately $1,332 million, $1,228 million and $859 million for the years ended December 31, 2000, 1999 and 1998, respectively. The Operating Partnership and its employees are covered by various insurance policies maintained by AXA Subsidiaries. In addition, the Operating Partnership pays fees for other services and technology provided by AXA and the AXA Subsidiaries.

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

	Years Ended December 31,

	2000	1999	1998
Assets:			
Institutional investment management fees receivable	$5,997	$7,136	$6,682
Revenues:			
Investment advisory and services fees	52,070	51,647	58,051
Other revenues	8,062	11,003	7,931
Expenses:			
Distribution payments to financial intermediaries	107,353	106,170	82,444
General and administrative	3,706	4,950	5,076

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

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

	Years Ended December 31,		
	2000	1999	1998
Interest	$22,519	$10,206	$4,043
Income taxes	36,626	68,369	15,460
Noncash investing and financing activities were as follows (in thousands):			
Issuance of Operating Partnership Units for Bernstein Acquisition	$2,060,400	$-	$-

24. Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), *"Accounting for Derivative Instruments and Hedging Activities"*. Management adopted this Statement on January 1, 2001 and the adoption of the Statement did not have a material effect on the Operating Partnership's results of operations, liquidity, or capital resources.

In December 1999, the SEC issued SEC Staff Accounting Bulletin No. 101, "*Revenue Recognition in Financial Statements"* ("SAB 101"). Management adopted SAB 101 in fourth quarter 2000 and its adoption did not have a material effect on the Operating Partnership's financial condition, results of operations, liquidity or capital resources.

25. Cash Distribution

On February 2, 2001, the General Partner declared a total distribution of $214,559,000 or $0.86 per Alliance Capital Unit representing a distribution from Available Cash Flow (as defined in the Alliance Capital Partnership Agreement) of the Operating Partnership for the three months ended December 31, 2000. The distribution is payable on February 23, 2001 to holders of record on February 13, 2001.

26. Quarterly Financial Data (Unaudited)
(in thousands, except per Unit data)

	Quarters Ended 2000			
	December 31	September30	June 30	March 31
Revenues	$793,170	$615,586	$564,937	$548,406
Net income	$148,258	$195,506	$153,835	$171,150
Basic net income per Unit[1]	$0.60	$0.95	$0.87	$0.99
Diluted net income per Unit[1]	$0.58	$0.91	$0.83	$0.95
Cash distributions per Unit[2]	$0.86	$0.905	$0.82	$0.815

	Quarters Ended 1999 [3]			
	December 31	September 30	June 30	March 31
Revenues	$585,459	$445,162	$418,941	$419,743
Net income	$164,727	$101,654	$97,214	$98,054
Basic net income per Unit[1]	$0.95	$0.59	$0.56	$0.57
Diluted net income per Unit[1]	$0.92	$0.57	$0.55	$0.55
Cash distributions per Unit[2]	$0.91	$0.56	$0.54	$0.54

(1) Due to changes in the number of weighted average Units outstanding, quarterly net income per Unit may not add to the totals for the year.
(2) Declared and paid during the following quarter.
(3) Reflects the operations of Alliance Holding prior to the Reorganization effective October 29, 1999 and of Alliance Capital thereafter.

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

We have audited the accompanying consolidated statements of financial condition of Alliance Capital Management L.P. and subsidiaries ("Alliance Capital") as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in partners' capital and comprehensive income and cash flows for the year ended December 31, 2000 and the two-month period ended December 31, 1999. We have also audited the consolidated statements of income, partners' capital and comprehensive income and cash flows of Alliance Capital Management Holding L.P. and subsidiaries, the predecessor to Alliance Capital, for the ten-month period ended October 29, 1999 (date of Reorganization – Note 1) and the consolidated statements of income, changes in partners' capital and comprehensive income and cash flows for the year ended December 31, 1998. These consolidated financial statements are the responsibility of the management of the General Partner. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alliance Capital as of December 31, 2000 and 1999, and Alliance Capital's and Alliance Capital Management Holding L.P. and subsidiaries' results of operations and cash flows for each of the periods referred to above presented in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP
KPMG LLP

New York, New York
February 2, 2001

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

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

PART III

Item 10. Directors and Executive Officers of the Registrant

General Partner

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

The General Partner does not receive any compensation from Alliance Capital or Alliance Holding for services rendered to Alliance Capital or Alliance Holding as General Partner. The General Partner holds a 1% general partnership interest in Alliance Capital and 100,000 units of general partnership interest in Alliance Holding. As of March 1, 2001 Equitable, ACMC and ECMC, affiliates of the General Partner, held 128,475,720 Alliance Capital Units and 1,544,356 Alliance Holding Units.

The General Partner is reimbursed by Alliance Capital for all expenses incurred by it in carrying out its activities as General Partner of Alliance Capital and Alliance Holding, including compensation paid by the General Partner to its directors and officers (to the extent such persons are not compensated directly as employees of Alliance Capital) and the cost of directors and officers liability insurance obtained by the General Partner. The General Partner was not reimbursed for any such expenses in 2000 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.....	68	Chairman of the Board and Director
Donald H. Brydon....	55	Director
Bruce W. Calvert.....	54	Director, Vice Chairman and Chief Executive Officer
John D. Carifa.....	56	Director, President and Chief Operating Officer
Henri de Castries.....	46	Director
Denis Duverne.....	48	Director
Richard S. Dziadzio..	37	Director
Alfred Harrison.....	63	Director and Vice Chairman
Hervé Hatt.....	36	Director
Michael Hegarty.....	56	Director

Roger Hertog.....	59	Director and Vice Chairman
Benjamin D. Holloway.....	76	Director
W. Edward Jarmain..	62	Director
Edward D. Miller.....	60	Director
Peter D. Noris.....	45	Director
Lewis A. Sanders.....	54	Director, Vice Chairman and Chief Investment Officer
Frank Savage.....	62	Director
Peter J. Tobin.....	56	Director
Stanley B. Tulin.....	51	Director
Reba W. Williams....	64	Director, Special Projects
Gerald M. Lieberman	53	Executive Vice President-Finance and Operations
David R. Brewer, Jr.	55	Senior Vice President and General Counsel
Robert H. Joseph, Jr.	53	Senior Vice President and Chief Financial Officer

Mr. Williams joined Alliance in 1977 and has been the Chairman of the Board since that time. He was elected a Director of Equitable on March 21, 1991 and was elected to the AXA Financial Board of Directors in May of 1992. He served as a Senior Executive Vice President of AXA from January 1997 through January 2000. AXA, AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Mr. Williams is the husband of Mrs. Reba W. Williams, a Director of Alliance.

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

Mr. Calvert joined Alliance in 1973 as an equity portfolio manager and was elected Chief Executive Officer on January 6, 1999. He served as Chief Investment Officer from May 3, 1993 until January 6, 1999. He was elected Vice Chairman on May 3, 1993. From 1986 to 1993 he was an Executive Vice President and from 1981 to 1986 he was a Senior Vice President. He was elected a Director of Alliance in 1992.

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

Mr. de Castries was elected a Director of Alliance in October 1993. Since January 19, 2000, he has been Chairman of the Management Board of AXA. Prior thereto, he was Vice Chairman of the Management Board of AXA, Senior Executive Vice President Financial Services and Life Insurance Activities of AXA in the United States, Germany, the United Kingdom and Benelux from 1996 to 2000; Executive Vice President Financial Services and Life Insurance Activities of AXA from 1993 to 1996; General Secretary of AXA from 1991 to 1993; and Central Director of Finances of AXA from 1989 to 1991. Mr. de Castries is also a Director or Officer of various subsidiaries and affiliates of the AXA Group and a Director of AXA Financial, and Equitable. Mr. de Castries was elected Vice Chairman of AXA Financial on February 14, 1996 and was elected Chairman of AXA Financial, effective April 1, 1998. AXA, AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

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

Mr. Dziadzio was elected a Director of Alliance in February 2001. Mr. Dziadzio is Senior Vice President – Asset Management Activities of AXA, which he joined in 1994 as a member of the corporate finance department with responsibilities in the realm of asset management and insurance businesses, as well as other areas of activities in the United States and United Kingdom. From 1998 through December 31, 2000, Mr. Dziadzio was Chief of Finance and Administration of AXA Real Estate Investment Managers, a wholly-owned subsidiary of AXA. Prior to joining AXA, he was with Yarmouth Group, a real estate investment advisory company, holding positions in New York and London. AXA is a parent of Alliance Capital and Alliance Holding.

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

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

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

Mr. Hertog was elected Director and Vice Chairman of Alliance on October 2, 2000. Prior thereto, he was President and Chief Operating officer of Sanford C. Bernstein & Co., Inc., which he joined as a research analyst in 1968. Mr. Hertog is currently Chairman of the Manhattan Institute, a leading policy institute specializing in urban issues. He is also a Trustee of the American Enterprise Institute for Public Policy Research in Washington, D.C.

Mr. Holloway was elected a Director of Alliance in November 1987. He is a consultant to The Continental Companies. From September 1988 until his retirement in March 1990, Mr. Holloway was a Vice Chairman of Equitable. He served as an Executive Vice President of Equitable from 1979 until 1988. Prior to his retirement he served as a Director and Officer of various Equitable subsidiaries. Mr. Holloway is a Director of Interstate Hotels Corporation and the Museum of Contemporary Art in Miami. Mr. Holloway was a Director of Rockefeller Center Properties, Inc. and is a Director Emeritus of The Duke University Management Corporation, Chairman of The Touro National Heritage Trust, a Regent of the Cathedral of St. John the Divine and a Trustee of Duke University (Emeritus) and the American Academy in Rome (Emeritus).

Mr. Jarmain was elected a Director of Alliance in May 2000. He has been President of Jarmain Group Inc. (a private investment holding company) since 1979. Mr. Jarmain has been a Director of AXA Financial and Equitable since July 1992 and a Director of several other companies affiliated with Equitable. He served as non-executive Chairman and Director of FCA International Ltd. from January 1994 through May 1998. AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

Mr. Miller was elected a Director of Alliance in July 1997. He has been a Director, President and Chief Executive Officer of AXA Financial since August 1997. He was President of Equitable from August 1997 to January 1998 and has been Chairman of Equitable since January 1998 and Chief Executive Officer and a Director of Equitable since August 1997. Mr. Miller is Senior Executive Vice President of AXA and Vice Chairman of its Management Board. Prior to joining AXA Financial, Mr. Miller served as Senior Vice Chairman of The Chase Manhattan Corporation. Prior thereto, he was President of Chemical Bank (which merged with Chase in 1996) from 1994 to 1996 and Vice Chairman from 1991 to 1994. He began his banking career at Manufacturers Hanover Trust, where he served as Vice Chairman from 1988 until 1991 when the company merged with Chemical Bank. Mr. Miller is also a Director of KeySpan Corp. and of Phoenix House, and a member of the Business Roundtable. He is the current Chairman of United Way of Tri-State, a Trustee of Pace University, The New York City Police Foundation, the Inner-City Scholarship Fund and the New York Blood Center, where he also served as General Chairman. AXA, AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

Mr. Noris was elected a Director of Alliance in July 1995. Since 1995 Mr. Noris has been Executive Vice President and Chief Investment Officer of AXA Financial and Equitable. Prior thereto, he was Vice President for Salomon Brothers from 1992 to 1995. From 1984 to 1992 Mr. Noris was a Principal in the Fixed Income and Equity Divisions of Morgan Stanley Group Inc. AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

Mr. Sanders was elected Director, Vice Chairman and Chief Investment Officer of Alliance on October 2, 2000. Prior thereto, he served as Chairman and Chief Executive officer of Sanford C. Bernstein & Co., Inc., which he joined in 1968 as a research analyst. Mr. Sanders is a Chartered Financial Analyst, a New York Stock Exchange supervisory analyst and was a member of the *Institutional Investor* All-America Research Team for four years.

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

Mr. Tobin was elected a Director of Alliance in May 2000. He has been Dean of the Tobin College of Business since August 1998. As Dean, Mr. Tobin is the chief executive and academic leader of the College of Business. Mr. Tobin was Chief Financial Officer at The Chase Manhattan Corporation from 1996 to 1997. Prior thereto, he was Chief Financial Officer of Chemical Bank (which merged with chase in 1996) from 1991 to 1996 and Chief Financial Officer of Manufacturers Hanover Trust (which merged with Chemical in 1991) from 1985 to 1991. Mr. Tobin is a member of the American Institute of Certified Public Accountants, the New York State Society of CPA's and the Financial Executives Institute. He is also a member of the Financial Accounting Standards Board Advisory Council and the Boards of Directors of The CIT Groups, Inc. The H.W. Wilcom Co., and P.A. Consulting Group. He has been a Director of Equitable since March 1999. Equitable is a parent of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

Mr. Tulin was elected a Director of Alliance in July 1997. He is Vice Chairman and Chief Financial Officer of AXA Financial and Director, Vice Chairman and Chief Financial Officer of Equitable. In addition to his current responsibilities at AXA Financial, Mr. Tulin has responsibility for Group financial communication, relations with rating agencies and consolidated risk assessment. Since December 2000, he has also been Executive Vice President of AXA and a member of its Executive Committee. Mr. Tulin was formerly Coopers & Lybrand's Co-Chairman of the Insurance Industry Practice. Before joining Coopers & Lybrand, Mr. Tulin was with Milliman and Robertson for 17 years. Mr. Tulin is a Fellow of the Society of Actuaries, a Board member of the American Academy of Actuaries and a frequent speaker at actuarial and insurance industry conferences. He is a member of the Board of Directors and Treasurer of the Jewish Theological Seminary; Treasurer of Brandeis University Graduate School of International Economics and Finance; and a Board Member of the New York City Opera. AXA, AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

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

Mr. Lieberman joined Alliance on October 2, 2000 and has been Executive Vice President, Finance and Administration since November 16, 2000. Prior to the acquisition, Mr. Lieberman was with Bernstein where he was a member of the Board with senior responsibility for Finance and Administration. He is a member of the Board of Overseers for the University of Connecticut School of Business Administration and a member of the Board of Directors of American Friends of Beth Issie Shapiro.

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. Brewer is a member of the Board of Directors of ICI Mutual Insurance Company.

Mr. Joseph joined Alliance in 1984 and has been Senior Vice President and Chief Financial Officer since December 1994. He was Senior Vice President and Controller from 1989 until January 1994 and Senior Vice President-Finance from January 1994 until December 1994. From 1986 until 1989 Mr. Joseph was Vice President and Controller of Alliance and from 1984 to 1986 Mr. Joseph was a Vice President and the Controller of AFS, a subsidiary of Alliance Capital.

AXA Financial and SCB Inc. entered into an agreement in connection with the Bernstein Acquisition pursuant to which AXA Financial agreed to elect or cause the election of Messrs. Lewis A. Sanders and Roger Hertog to the Board of Directors until at least October 2, 2003.

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

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

The General Partner has an Audit Committee composed of its independent directors Messrs. Holloway, Jarmain, and Tobin. The Audit Committee reports to the Board of Directors with respect to the selection and terms of engagement of the independent auditors of Alliance Capital and Alliance Holding and with respect to certain other matters. The Audit Committee also reviews various matters relating to the accounting and auditing policies and procedures of Alliance Capital and Alliance Holding. The Audit Committee held 7 meetings in 2000.

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

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

Section 16 (a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the General Partner's directors and executive officers, and persons who own more than 10% of the Alliance Holding Units or Alliance Capital Units to file with the SEC initial reports of ownership and reports of changes in ownership of Alliance Holding Units or Alliance Capital Units. To the best of Alliance Holding's knowledge, during the year ended December 31, 2000 all Section 16(a) filing requirements applicable to its executive officers, directors and 10% beneficial owners were complied with except that an Initial Statement of Beneficial Ownership on Form 3 was filed late on behalf of Mr. Gerald M. Lieberman, Executive Vice President-Finance and Operations of Alliance, and a Statement of Changes in Beneficial Ownership on Form 4 was filed late on behalf of Mr. David R. Brewer, Jr., Senior Vice President and General Counsel of Alliance, Mr. Robert H. Joseph, Jr., Senior Vice President and Chief Financial Officer of Alliance, Mr. Gerard J. Friscia, Senior Vice President and Controller of Alliance, and Ms. Anne S. Drennan, Senior Vice President and Treasurer of Alliance, in respect of a grant to each of them of an option to purchase Alliance Holding Units. To the best of Alliance Capital's knowledge, during the year ended December 31, 2000 all Section 16(a) filing requirements applicable to its executive officers, directors and 10% beneficial owners were complied with, except that an Initial Statement of Beneficial Ownership on Form 3 was filed late on behalf of Mr. Gerald M. Lieberman.

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 2000 ("Named Executive Officers"):

					Long Term Compensa	
		Annual Compensation			Awards	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compen-sation ($) (1)	Restricted Stock Award(s) ($)	Options/ (#Units)
Dave H. Williams	2000	$275,002	$5,000,000	$6,843,221	$0	0
Chairman of the Board	1999	274,996	5,500,000	---------	0	0
	1998	274,976	4,500,000	---------	0	0
Bruce W. Calvert	2000	275,002	9,600,000	8,850,551	0	300,000
Vice Chairman &	1999	269,232	6,200,000	---------	0	0
Chief Executive Officer	1998	250,000	4,000,000	264,273	0	500,000
John D. Carifa	2000	275,002	9,600,000	2,449,450	0	300,000
President & Chief Operating Officer	1999	269,232	7,200,000	6,601,411	0	0
	1998	250,000	5,000,000	---------	0	500,000
Robert H. Joseph, Jr. Senior	2000	175,000	933,000	538,046	0	65,000
Vice President & Chief	1999	172,692	738,000	610,429	0	15,000
Financial Officer	1998	163,846	591,500	257,798	0	20,000
David R. Brewer, Jr.	2000	175,000	948,500	1,982,851	0	65,000
Senior Vice President	1999	172,692	741,500	879,670	0	15,000
& General Counsel	1998	163,846	595,000	199,448	0	20,000

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

Column (e) for 2000 includes for Mr. Williams, among other perquisites and personal benefits, $6,792,180 representing the dollar value of the difference between the exercise price and fair market value of AXA Financial common stock acquired as a result of the exercise of options, $20,845 of car allowance and $12,859 of group life.

Column (e) for 2000 includes for Mr. Calvert, among other perquisites and personal benefits, $8,687,906 representing the dollar value of the difference between the exercise price and fair market value of Alliance Holding Units and AXA Financial common stock acquired as a result of the

exercise of options, distributions of $128,152 in respect of unvested Alliance Holding units awarded under the Partners Compensation Plan and $19,617 of car allowance.

Column (e) for 2000 includes for Mr. John Carifa, among other perquisites and personal benefits, $2,264,060 representing the dollar value of the difference between the exercise price and fair market value of AXA Financial common stock acquired as a result of the exercise of options, distributions of $128,152 in respect of unvested Alliance Holding Units awarded under the Partners Compensation Plan and $16,821 of air travel.

Column (e) for 2000 includes for Mr. Brewer, among other perquisites and personal benefits, $1,927,039 representing the dollar value of the difference between the exercise price and fair market value of Alliance Holding Units acquired as a result of the exercise of options, distributions of $31,438, in respect of unvested Alliance Holding Units awarded under the Partners Compensation Plan, $8,319 for health club and $6,500 for personal tax services.

Column (e) for 2000 includes for Mr. Robert Joseph, among other perquisites and personal benefits, $480,484 representing the dollar value of the difference between the exercise price and fair market value of Alliance Holding Units acquired as a result of the exercise of options, distributions of $31,438, in respect of unvested Alliance Holding Units awarded under the Partners Compensation Plan, $9,436 of car allowance and $9,000 for personal tax services.

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

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

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

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

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

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

(2) Column (i) includes award amounts vested and earnings credited in 1998, 1999 and 2000 in respect of the Alliance Partners Compensation Plan. Column (i) does not include any amounts in respect of awards made in 2000 in respect of the Alliance Partners Compensation Plan and matching contributions by Alliance Capital under the Alliance Capital Management L.P. Annual Elective Deferral Plan since none of these awards or contributions have vested and no earnings have been credited in respect thereof.

Column (i) includes the following amounts for 2000:

	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	$19,136	$104,463	$212,743	$23,500	$12,859	$372,701
Bruce W. Calvert	6,601	43,607	1,554,686	23,500	3,657	1,632,051
John D. Carifa	7,482	41,796	1,554,686	23,500	6,715	1,634,179
Robert H. Joseph, Jr.	0	0	300,216	23,500	2,277	325,993
David R. Brewer, Jr.	0	0	300,216	23,500	4,181	327,897

Option Grants in 2000

The table below shows information regarding grants of options made to the Named Executive Officers under the 1993 Unit Option Plan and the 1997 Long Term Incentive Plan ("Alliance Capital Option Plans") during 2000. The amounts shown for each of the Named Executive Officers as potential realizable values are based on assumed annualized rates of appreciation of five percent and ten percent over the full ten-year term of the options, which would result in Alliance Holding Unit prices of approximately $82.46 and $131.31, respectively. The amounts shown as potential realizable values for all Alliance Holding Unitholders represent the corresponding increases in the market value of 73,184,232 outstanding Alliance Holding Units held by all Alliance Holding Unitholders as of December 31, 2000, which would total approximately $2.3 billion and $5.9 billion, respectively. No gain to the optionees is possible without an increase in Alliance Holding Unit price which will benefit all Alliance Holding Unitholders proportionately. These potential realizable values are based solely on assumed rates of appreciation required by applicable SEC regulations. Actual gains, if any, on option exercises and Alliance Holding Unitholdings are dependent on the future performance of the Alliance Holding Units. There can be no assurance that the potential realizable values shown in this table will be achieved.

Option Grants In 2000

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
Bruce W. Calvert	300,000	6.4%	48.5	6/20/2010	9,758,000	24,411,000
John D. Carifa	300,000	6.4%	48.5	6/20/2010	9,758,000	24,411,000
Robert H. Joseph, Jr.	50,000	1.4%	48.5	6/20/2010	2,057,000	5,232,000
	15,000		53.25	12/11/2010		
David R. Brewer, Jr.	50,000	1.4%	48.5	6/20/2010	2,057,000	5,232,000
	15,000		53.25	12/11/2010		

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

(2) Options in respect of 4,698,000 Alliance Holding Units were granted in 2000.

Aggregated Option Exercises in 2000 and 2000 Year-End Option Values

The following table summarizes for each of the Named Executive Officers the number of options exercised during 2000, the aggregate dollar value realized upon exercise, the total number of Alliance Holding Units subject to unexercised options held at December 31, 2000, and the aggregate dollar value of in-the-money, unexercised options held at December 31, 2000. Value realized upon exercise is the difference between the fair market value of the underlying Alliance Holding Units on the exercise date and the exercise price of the option. Value of unexercised, in-the-money options at fiscal year-end is the difference between its exercise price and the fair market value of the underlying Alliance Holding Units on December 31, 2000, which was $50.625 per Alliance Holding Unit. These values have not been, and may never be, realized. The underlying options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of Alliance Holding Units on the date of exercise. There can be no assurance that these values will be realized.

Aggregated Option Exercises In 2000
And December 31, 2000 Option Values

Name	Options Exercised (# Units)	Value Realized ($)	Number of Alliance Holding Units Underlying Unexpired Options at December 31, 2000		Value of Unexercised In-the-Money Options at December 31, 2000 ($) (1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Dave H. Williams	0	N/A	0	0	0	0
Bruce W. Calvert	100,000	4,194,156	800,000	600,000	29,390,625	7,931,250
John D. Carifa	0	N/A	550,000	600,000	19,231,250	7,931,250
Robert H. Joseph, Jr.	14,620	480,484	132,880	101,000	5,085,652	1,052,000
David R. Brewer, Jr.	44,750	1,927,039	127,000	101,000	4,877,875	1,052,000

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

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

Compensation Agreements with Certain Executive Officers

In connection with Equitable's 1985 acquisition of Donaldson, Lufkin & Jenrette, Inc. ("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 $425,731, $522,036, and $434,612, respectively. While Alliance Capital assumed responsibility for payment of these deferred compensation obligations, ACMC and Alliance are required, subject to certain limitations, to make capital contributions to Alliance Capital in an amount equal to the payments, and ACMC is also obligated to the employees for the payments. ACMC's obligations to make capital contributions to Alliance Capital are guaranteed, subject to certain limitations, by Equitable Investment Corporation ("EIC"), a wholly-owned subsidiary of Equitable, the parent of Alliance.

Certain Employee Benefit Plans

Retirement Plan. Alliance Capital maintains a qualified, non-contributory, defined benefit retirement plan covering most employees of Alliance Capital who have completed one year of service and attained age 21. Employer contributions are determined by application of actuarial methods and assumptions to reflect the cost of benefits under the plan. Each participant's benefits are determined under a formula which takes into account years of credited service, the participant's average compensation over prescribed periods and Social Security covered compensation. The maximum annual benefit payable under the plan may not exceed the lesser of $100,000 or 100% of a participant's average aggregate compensation for the three consecutive years in which he received the highest aggregate compensation from Alliance Capital or such lower limit as may be imposed by the Internal Revenue Code on certain participants by reason of their coverage under another qualified plan maintained by Alliance Capital. A participant is fully vested after the completion of five years of service. The plan generally provides for payments to or on behalf of each vested employee upon such employee's retirement at the normal retirement age provided under the plan or later, although provision is made for payment of early retirement benefits on an actuarially reduced basis. Normal retirement age under the plan is 65. Death benefits are payable to the surviving spouse of an employee who dies with a vested benefit under the plan.

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

Average Final Compensation	Estimated Annual Benefits Years of Service at Retirement 15	20	25	30	35	40	45
$100,000	$18,872	$25,162	$31,453	$37,744	$44,034	$49,034	$54,034
150,000	30,122	40,162	50,203	60,244	70,284	77,784	85,284
200,000	41,372	55,162	68,953	82,744	96,534	100,000	100,000
250,000	52,622	70,162	87,803	100,000	100,000	100,000	100,000
300,000	63,872	85,162	100,000	100,000	100,000	100,000	100,000

Assuming they are employed by Alliance Capital until age 65, the credited years of service under the plan for Messrs. Williams, Calvert, Carifa, Joseph and Brewer would be 20, 38, 40, 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 2000 is $170,000, $170,000, $170,000, $170,000 and $170,000, respectively.

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

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

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

Item 12. Security Ownership of Certain Beneficial Owners and Management

Principal Security Holders

Alliance Capital has no information that any person beneficially owns more than 5% of the outstanding Alliance Capital Units except (i) Equitable, ACMC and ECMC, wholly-owned subsidiaries of AXA Financial, as reported on Schedule 13D dated June 30, 2000, filed with the SEC by AXA and certain of its affiliates pursuant to the Securities Exchange Act of 1934, and (ii) SCB Inc. as reported on Schedule 13D dated October 12, 2000, filed with the SEC by SCB Inc. pursuant to the Securities Exchange Act of 1934. The following table and notes have been prepared in reliance upon such filings for the nature of ownership and an explanation of overlapping ownership.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership Reported on Schedule	Percent of Class
AXA (1)(2)(3)(4) 25 avenue Matignon 75008 Paris France	128,475,720	51.9%
AXA Financial (4) 1290 Avenue of the Americas New York, NY 10019	128,475,720	51.9%
SCB Inc. (5) SCB Partners Inc. (5) 767 Fifth Avenue New York, NY 10021	40,800,000	16.5%

(1) Based on information provided by AXA Financial, at March 1, 2001, AXA and certain of its subsidiaries beneficially owned all of AXA Financial's outstanding common stock. For insurance regulatory purposes the shares of capital stock of AXA Financial beneficially owned by AXA and its subsidiaries have been deposited into a voting trust ("Voting Trust") which has an initial term of 10 years commencing May 12, 1992. The trustees of the Voting Trust (the "Voting Trustees") are Claude Bébéar, Patrice Garnier and Henri de Clermont-Tonnerre, each of whom serves on the Supervisory Board of AXA. The Voting Trustees have agreed to exercise their voting rights to protect the legitimate economic interests of AXA, but with a view to

ensuring that certain minority shareholders of AXA do not exercise control over AXA Financial or certain of its insurance subsidiaries.

(2) Based on information provided by AXA, on March 1, 2001, approximately 17.7% of the issued ordinary shares (representing 28.6% of the voting power) of AXA were owned directly and indirectly by Finaxa, a French holding company. As of March 1, 2001, 60.6% of the shares (representing 71.3% of the voting power) of Finaxa were owned by four French mutual insurance companies (the "Mutuelles AXA") and 22.3% of the shares of Finaxa (representing 13.4% of the voting power) were owned by Paribas, a French bank. Including the ordinary shares owned by Finaxa, on March 1, 2001, the Mutuelles AXA directly or indirectly owned approximately 20.6% of the issued ordinary shares (representing 33.1% of the voting power) of AXA.

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

(4) By reason of their relationship, AXA, the Voting Trustees, the Mutuelles AXA, Finaxa, AXA Financial, AXA Client Solutions, Equitable, Equitable Holdings, LLC, ACMC and ECMC may be deemed to share the power to vote or to direct the vote and to dispose or direct the disposition of all or a portion of the 128,475,720 Alliance Capital Units.

(5) SCB Partners Inc. is a wholly-owned subsidiary of SCB Inc.

Alliance Holding, 1345 Avenue of the Americas, New York, NY 10105, owns 73,765,597 or 29.8% of the outstanding Alliance Capital Units.

Alliance Holding has no information that any person beneficially owns more than 5% of the outstanding Alliance Holding Units except, to the best of Alliance Holdings knowledge, Meiji Life Insurance Company as described in the following table:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Meiji Life Insurance Company 1-1, Marunouchi 2-chome Chiyodu-ku, Tokyo 100-005 Japan	5,488,000	7.5%

Management

The following table sets forth, as of March 1, 2001, the beneficial ownership of Alliance Capital Units by each director and each Named Executive Officer of the General Partner and by all directors and executive officers of the General Partner as a group:

Name of Beneficial Owner	Number of Alliance Capital Units and Nature of Beneficial Ownership	Percent of Class
Dave H. Williams (1)	759,036	*
Donald H. Brydon (1)	0	*
Bruce W. Calvert (1)	500,000	*
John D. Carifa (1)	1,020,000	*
Henri de Castries (1)	0	*
Denis Duverne (1)	0	*
Richard S. Dziadzio (1)	0	*
Alfred Harrison (1)	365,410	*
Hervé Hatt (1)	0	*
Michael Hegarty (1)	18,000	*
Roger Hertog (1)	0	*
Benjamin D. Holloway	0	*
W. Edwin Jarmain (1)	0	*
Edward D. Miller (1)	0	*
Peter D. Noris (1)	0	*
Lewis A. Sanders (1)	0	*
Frank Savage (1)	10,000	*
Peter J. Tobin (1)	0	*
Stanley B. Tulin (1)	0	*
Reba W. Williams (1)(2)	759,036	*
Gerald M. Lieberman (1)	0	*
David R. Brewer, Jr. (1)	0	*
Robert H. Joseph, Jr. (1)	0	*

All Directors and executive officers of the General Partner as a Group (23 persons)	2,672,446	1.1%

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

(1) Excludes Alliance Capital Units beneficially owned by AXA, AXA Financial and/or Equitable. Messrs. Williams, Brydon, de Castries, Duverne, Dziadzio, Hatt, Hegarty, Jarmain, Miller, Noris, Tobin and Tulin are directors and/or officers of AXA, AXA Financial and/or Equitable. Messrs. Williams, Calvert, Carifa, Harrison, Hertog, Sanders, Savage, Lieberman, Brewer, Joseph and Mrs. Williams are directors and/or officers of Alliance.

(2) Includes 759,036 Alliance Capital Units owned by Mr. Dave H. Williams.

The following table sets forth, as of March 1, 2001, the beneficial ownership of Alliance Holding Units by each director and each Named Executive Officer of the General Partner and by all directors and executive officers of the General Partner as a group:

Name of Beneficial Owner	Number of Alliance Holding Units and Nature of Beneficial Ownership	Percent of Class
Dave H. Williams (1)(2)	989,876	1.3%
Donald H. Brydon (1)	0	*
Bruce W. Calvert (1)(3)	1,310,020	1.8%
John D. Carifa (1)(4)	1,555,356	2.1%
Henri de Castries (1)	2,000	*
Denis Duverne (1)	2,000	*
Richard S. Dziadzio (1)	0	*
Alfred Harrison (1)	300,098	*
Hervé Hatt (1)	0	*
Michael Hegarty (1)	0	*
Roger Hertog (1)	0	*
Benjamin D. Holloway	7,410	*
W. Edwin Jarmain (1)	2,000	*
Edward D. Miller (1)	0	*
Peter D. Noris (1)	0	*
Lewis A. Sanders (1)	0	*
Frank Savage (1)	81,000	*
Peter J. Tobin (1)	0	*
Stanley B. Tulin (1)	4,000	*
Reba W. Williams (1)(5)	989,876	*
Gerald M. Lieberman (1)	0	*
David R. Brewer, Jr. (1)(6)	232,458	*
Robert H. Joseph, Jr. (1)(7)	155,338	*
All Directors and executive officers of the General Partner as a Group (23 persons)(8)	4,641,556	6.3%

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

(1) Excludes Alliance Holding Units beneficially owned by AXA, AXA Financial and/or Equitable. Messrs. Williams, Brydon, de Castries, Duverne, Dziadzio, Hatt, Hegarty, Jarmain, Miller, Noris, Tobin and Tulin are directors and/or officers of AXA, AXA Financial and/or Equitable. Messrs. Williams, Calvert, Carifa, Harrison, Hertog, Sanders, Savage, Lieberman, Brewer, Joseph and Mrs. Williams are directors and/or officers of Alliance.

(2) Includes 160,000 Alliance Holding Units owned by Mrs. Reba W. Williams.

(3) Includes 800,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(4) Includes 550,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans and 1,200 Alliance Holding Units owned by Mr. Carifa's children.

(5) Includes 829,876 Alliance Holding Units owned by Mr. Dave H. Williams.

(6) Includes 127,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans and 3,000 Alliance Holding Units owned by Mr. Brewer's wife.

(7) Includes 132,880 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(8) Includes 1,609,880 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

The following tables set forth, as of March 1, 2001, the beneficial ownership of the common stock of AXA and Finaxa by each director and each Named Executive Officer of the General Partner and by all directors and executive officers of the General Partner as a group:

AXA Common Stock (1)

Name of	Number of Shares and Nature of Beneficial Ownership	Percent of

Beneficial Owner		Class
Dave H. Williams (2)	34,995	*
Donald H. Brydon (3)	12,837	*
Bruce W. Calvert (4)	3,804	*
John D. Carifa (5)	24,081	*
Henri de Castries (6)	226,160	*
Denis Duverne (7)	81,178	*
Richard S. Dziadzio (8)	1,500	*
Alfred Harrison	0	*
Hervé Hatt (9)	5,073	*
Michael Hegarty (10)	12,942	*
Roger Hertog	0	*
Benjamin D. Holloway	0	*
W. Edwin Jarmain	0	*
Edward D. Miller (11)	567,239	*
Peter D. Noris (12)	88,577	*
Lewis A. Sanders	0	*
Frank Savage	0	*
Peter J. Tobin	0	*
Stanley B. Tulin (13)	91,588	*
Reba W. Williams (14)	34,995	*
Gerald M. Lieberman	0	*
David R. Brewer, Jr.	0	*
Robert H. Joseph, Jr.	0	*
All Directors and executive officers of the General Partner as a Group (23 persons)(15)	1,149,974	*

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

(1) Holdings of AXA American Depository Shares are expressed as their equivalent in AXA common stock. Each AXA American Depository Share is equivalent to one-half of a share of AXA common stock.

(2) Represents 15,218 shares subject to options and 39,554 AXA American Depository Shares subject to options held by Mr. Williams, which options Mr. Williams has the right to exercise within 60 days.

(3) Includes 12,681 shares subject to options held by Mr. Brydon, which options Mr. Brydon has the right to exercise within 60 days.

(4) Represents 3,804 shares subject to options held by Mr. Calvert, which options Mr. Calvert has the right to exercise within 60 days.

(5) Includes 3,804 shares subject to options and 39,554 AXA American Depository Shares subject to options held by Mr. Carifa, which options Mr. Carifa has the right to exercise within 60 days.

(6) Includes 93,840 shares subject to options and 142,390 AXA American Depository Shares subject to options held by Mr. de Castries, which options Mr. de Castries has the right to exercise within 60 days and 7,500 shares owned by Mr. de Castries' three minor children.

(7) Includes 25,363 shares subject to options and 79,110 AXA American Depository Shares subject to options, which options Mr. Duverne has the right to exercise within 60 days as well as 16,000 shares held jointly with Mr. Duverne's wife and 42 shares owned by Mr. Duverne's children.

(8) Represents 1,500 shares subject to options held by Mr. Dziadzio, which options Mr. Dziadzio has the right to exercise within 60 days.

(9) Represents 5,073 shares subject to options held by Mr. Hatt, which options Mr. Hatt has the right to exercise within 60 days.

(10) Represents 7,609 shares subject to options and 10,665 AXA American Depository Shares subject to options held by Mr. Hegarty, which options Mr. Hegarty has the right to exercise within 60 days.

(11) Represents 25,362 shares subject to options and 1,083,754 AXA American Depository Shares subject to options held by Mr. Miller, which options Mr. Miller has the right to exercise within 60 days.

(12) Represents 7,355 shares subject to options and 162,444 AXA American Depository Shares subject to options held by Mr. Noris, which options Mr. Noris has the right to exercise within 60 days.

(13) Includes 7,609 shares subject to options and 165,958 AXA American Depository Shares subject to options held by Mr. Tulin, which options Mr. Tulin has the right to exercise within 60 days.

(14) Represents 15,218 shares subject to options and 39,554 AXA American Depository Shares subject to options held by Mr. Williams, which options Mr. Williams has the right to exercise within 60 days.

(15) Includes 209,218 shares and 1,723,429 AXA American Depository Shares subject to options, which options may be exercised within 60 days.

Finaxa Common Stock

Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Class
Dave H. Williams	0	*
Donald H. Brydon	0	*
Bruce W. Calvert	0	*
John D. Carifa	0	*

Henri de Castries (1)	90,149	*
Denis Duverne	0	*
Richard S. Dziadzio	0	*
Alfred Harrison	0	*
Hervé Hatt	0	*
Michael Hegarty	0	*
Roger Hertog	0	*
Benjamin D. Holloway	0	*
W. Edwin Jarmain	0	*
Edward D. Miller	0	*
Peter D. Noris	0	*
Lewis A. Sanders	0	*
Frank Savage	0	*
Peter J. Tobin	0	*
Stanley B. Tulin	0	*
Reba W. Williams	0	*
Kathleen A. Corbet	0	*
Gerald M. Lieberman	0	*
David R. Brewer, Jr.	0	*
Robert H. Joseph, Jr.	0	*
All Directors and executive officers of the General Partner as a Group (23 persons)	90,149	*

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

(1) Includes 17,500 shares subject to options held by Mr. De Castries, which options Mr. De Castries has the right to exercise within 60 days.

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

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

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

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

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

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

Item 13. Certain Relationships and Related Transactions

Competition

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

Financial Services

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

Alliance Capital acts as the investment manager for the general and separate accounts of Equitable and its insurance company subsidiary pursuant to investment advisory agreements. During 2000 Alliance Capital received approximately $47.5 million in fees pursuant to these agreements. In connection with the services provided under these agreements Alliance Capital provides ancillary accounting, valuation, reporting, treasury and other services under service agreements. During 2000 Alliance Capital received approximately $9.1 million in fees pursuant to these agreements. Equitable provides certain legal and other services to Alliance Capital relating to certain insurance and other regulatory aspects of the general and separate accounts of Equitable and its insurance company subsidiary. During 2000 Alliance Capital paid approximately $1.1 million to Equitable for these services.

Equitable has issued life insurance policies to ACMC on certain employees of Alliance Capital, the costs of which are borne by ACMC without reimbursement by Alliance Capital. During 2000 ACMC paid approximately $5.3 million in insurance premiums on these policies.

Alliance Capital and its employees are covered under various insurance policies maintained by Equitable and its subsidiaries. The amount of premiums for these group policies paid by Alliance Capital to Equitable was approximately $306,000 for 2000.

Alliance Capital provides investment management services to certain employee benefit plans of Equitable and DLJ, which was a subsidiary of AXA Financial until November 3, 2000. Advisory fees from these accounts totaled approximately $4.4 million for 2000 including $3.8 million from the separate accounts of Equitable.

In April 1996 Alliance Capital acquired the United States investing activities and business of National Mutual Funds Management ("NMFM"), a subsidiary of AXA. In connection therewith, Alliance Capital entered into investment management agreements with AXA Asia Pacific and various of its subsidiaries (collectively, the "AXA Asia Pacific Group"). In 2000, the management fees related to services provided by Alliance Capital and its subsidiaries under these agreements amounted to approximately $3.42 million.

AXA Advisors was Alliance Capital's third largest distributor of U.S. Funds in 2000 for which AXA Advisors received sales concessions from Alliance Capital on sales of $1,054 million. In 2000, AXA Advisors also distributed certain of Alliance Capital's cash management products. AXA Advisors received distribution payments totaling $11.3 million in 2000 for these services. DLJ Securities Corporation and Pershing, subsidiaries of AXA Financial until November 3, 2000, distribute certain Alliance Mutual Funds and cash management products and receive sales concessions and distribution payments. In addition, Alliance Capital and Pershing have an agreement pursuant to which Pershing recommends to certain of its correspondent firms the use of Alliance Capital's cash management products for which Pershing is allocated a portion of the revenues derived by Alliance Capital from sales through the Pershing correspondents. Amounts paid by Alliance Capital to DLJ Securities Corporation, Pershing and Wood Struthers & Winthrop Management Corp., a subsidiary of DLJ, in connection with the above distribution services were $95.5 million in 2000. DLJ and its subsidiaries also provide Alliance Capital with brokerage and various other services, including clearing, investment banking, research, data processing and administrative services. Brokerage, the expense of which is borne by Alliance Capital's clients, aggregated approximately $2.6 million for 2000. During 2000 Alliance Capital paid $500,000 to DLJ and its subsidiaries for all other services.

Alliance Capital and its subsidiaries provide investment management services to AXA Reinsurance Company, a subsidiary of AXA, and its affiliates, pursuant to discretionary investment advisory agreements. In 2000, the management fees related to services provided by Alliance Capital and its subsidiaries under such agreements amounted to approximately $1.65 million.

Alliance Capital and its subsidiaries provide investment management services to AXA World Funds, a Luxembourg fund, pursuant to a sub-advisory agreement between Alliance Capital and AXA Funds Management SA, a subsidiary of AXA. In 2000, the sub-advisory fees related to services provided by Alliance Capital ad its subsidiaries under the sub-advisory agreement amounted to approximately $268,000.

Alliance Capital and its subsidiaries provide investment management services to Nichidan Life Insurance Co., Ltd., a subsidiary of AXA, pursuant to various advisory agreements. In 2000, the advisory fees related to services provided by Alliance Capital and its subsidiaries under the advisory agreements amounted to approximately $955,000.

Alliance Capital and its subsidiaries provide investment management services to AXA Global Risks U.S. Insurance Company, a subsidiary of AXA, and its affiliates, pursuant to discretionary investment advisory agreements. In 2000, the advisory fees related to services provided by Alliance Capital under the agreements amounted to approximately $549,000.

Other Transactions

On February 1, 2001, Alliance Capital and AXA Asia Pacific Holdings Limited ("AXA Asia Pacific"), a subsidiary of AXA, entered into a Subscription and Shareholders Agreement under which they established two new investment management companies in Australia and New Zealand named Alliance Capital Management Australia Limited and Alliance Capital Management New Zealand Limited, respectively. AXA Asia Pacific and Alliance Capital each own fifty percent (50%) of the equity of each new company and have equal representation on the Boards. Alliance Capital has day to day responsibility for operational management of the companies, which currently manage approximately $A23 billion in assets.

During 2000 Alliance Capital paid certain legal and other expenses incurred by Equitable and its insurance company subsidiary relating to the general and separate accounts of Equitable and such subsidiary for which it has been or will be fully reimbursed by Equitable. The largest amount of such indebtedness outstanding during 2000 was approximately $258,000 which represents the amount outstanding on November 30, 2000.

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

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

In 1999 GIE Informatique AXA, an affiliate of AXA, entered into a technology cost contribution agreement with various AXA subsidiaries, including Alliance Capital, to enable the participants to share the costs and benefits of cooperative technology development through GIE Informatique AXA. All participants are joint owners of the technology and processes developed under this agreement. In 2000 Alliance Capital's share of such costs was approximately $1,850,000. Alliance Capital anticipates to pay its share of such costs under this agreement in 2001. Mrs. Reba W. Williams, the wife of Dave H. Williams, was employed by Alliance Capital during 2000 and received compensation in the amount of $100,000

Certain of the hedge funds managed by Alliance Capital pay a portion of the carried interests or performance fees to certain portfolio managers, research analysts and other investment professionals who are associated with the management of the hedge funds. Alliance Capital provides investment management services to the hedge funds and is entitled to receive between 75% and 100% of the aggregate carried interests or performance fees paid by such funds. Alliance Capital received approximately $94 million from the hedge funds in 2000 primarily in respect of the performance by the hedge funds in 1999. Mr. Alfred Harrison, a Director and Vice Chairman of the General Partner, received $4,601,792 in 2000 in respect of his association with the hedge funds.

ACMC and the General Partner are obligated, subject to certain limitations, to make capital contributions to Alliance Capital in an amount equal to the payments Alliance Capital is required to make as deferred compensation under the employment agreements entered into in connection with Equitable's 1985 acquisition of DLJ, as well as obligations of Alliance Capital to various employees and their beneficiaries under Alliance Capital's Capital Accumulation Plan. In 2000, ACMC made capital contributions to Alliance Capital in the amount of $658,000 in respect of these obligations. ACMC's obligations to make these contributions are guaranteed by EIC subject to certain limitations. All tax deductions with respect to these obligations, to the extent funded by ACMC, Alliance or EIC, will be allocated to ACMC or Alliance.

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

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

(b) Reports on Form 8-K.

Each of Alliance Capital and Alliance Holding on November 3, 2000 filed a Current Report on Form 8-K with respect to a press release they released on October 27, 2000 and certain supplemental financial data.

Each of Alliance Capital and Alliance Holding on October 3, 2000 filed a Current Report on Form 8-K with respect to (i) Alliance Capital's acquisition of Bernstein, and (ii) the purchase of 1 million Alliance Holding Units in a private transaction by a wholly-owned subsidiary of Alliance Capital. The Alliance Holding Units are being used to fund awards granted under the SCB Deferred Compensation Award Plan, a deferred compensation plan established in connection with the acquisition, and under the Alliance Partners Compensation Plan.

(c) Exhibits.

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

Exhibit	Description
2.1	Acquisition Agreement dated as of June 20, 2000 Amended and Restated as of October 2, 2000 among Alliance Capital Management L.P., Alliance Capital Management Holding L.P., Alliance Capital Management LLC, Sanford C. Bernstein Inc., Bernstein Technologies Inc., SCB Partners Inc., Sanford C. Bernstein & Co., LLC and SCB LLC.
2.2	Agreement and Plan of Reorganization dated August 20, 1999 among Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.), Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II), Alliance Capital Management Corporation and the Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit (a)(1) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).
3.1	Amended and Restated Certificate of Limited Partnership dated October 29, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) (incorporated by reference to Exhibit 3.1 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management Holding L.P. as filed On March 28, 2000).
3.2	Amended and Restated Agreement of Limited Partnership dated October 29, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) (incorporated by reference to Exhibit (a)(2) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).
3.3	Amended and Restated Agreement of Limited Partnership dated October 29, 1999 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) (incorporated by reference to Exhibit (a)(3) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).
10.1	Restricted Unit Award Agreement dated as of December 31, 2000 with Bruce W. Calvert
10.2	Restricted Unit Award Agreement dated as of December 31, 2000 with John D. Carifa
10.3	Restricted Unit Award Agreement dated as of December 31, 2000 with Alfred Harrison
10.4	Restricted Unit Award Agreement dated as of December 31, 2000 with David R. Brewer, Jr.
10.5	Restricted Unit Award Agreement dated as of December 31, 2000 with Robert H. Joseph, Jr.
10.6	Unit Option Agreement dated as of December 11, 2000 with David R. Brewer, Jr.
10.7	Unit Option Agreement dated as of December 11, 2000 with Robert H. Joseph, Jr.
10.8	Deferral Agreement dated as of November 13, 2000 with John D. Carifa
10.9	Deferral Agreement dated as of November 14, 2000 with Alfred Harrison
10.10	Deferral Agreement dated as of November 15, 2000 with David R. Brewer, Jr.
10.11	Deferral Agreement dated as of November 16, 2000 with Robert H. Joseph, Jr.
10.12	Unit Option Agreement dated as of June 20, 2000 with Bruce W. Calvert

10.13 Unit Option Agreement dated as of June 20, 2000 with John D. Carifa
10.14 Unit Option Agreement dated as of June 20, 2000 with Alfred Harrison
10.15 Unit Option Agreement dated as of June 20, 2000 with David R. Brewer, Jr.
10.16 Unit Option Agreement dated as of June 20, 2000 with Robert H. Joseph, Jr.
10.17 Registration Rights Agreement dated as of October 2, 2000 by and among Alliance Capital Management L.P., Sanford C. Bernstein Inc. and SCB Partners Inc.

10.18 Purchase Agreement dated as of June 20, 2000 by and among Alliance Capital Management L.P., AXA Financial, Inc. and Sanford C. Bernstein Inc.
10.19 Financing Agreement dated as June 20, 2000 by and between AXA Financial, Inc. and Alliance Capital Management L.P.
10.20 Letter Agreement dated as of June 20, 2000 by and between AXA Financial, Inc. and Sanford C. Bernstein Inc.
10.21 Employment Agreement dated as of June 20, 2000 with Lewis A. Sanders.
10.22 Employment Agreement dated as of June 20, 2000 with Roger Hertog.
10.23 Employment Agreement dated as of June 20, 2000 with Michael L. Goldstein.
10.24 Employment Agreement dated as of June 20, 2000 with Andrew S. Adelson.
10.25 Employment Agreement dated as of June 20, 2000 with Marilyn G. Fedak.
10.26 Revolving Credit Agreement dated as of October 30, 2000 by and among Alliance Capital Management L.P., Bank of America, N.A., Banc of America Securities LLC, The Chase Manhattan Bank, and Deutsche Bank AG, New York and/or Cayman Islands Branches.
10.27 SCB Deferred Compensation Award Plan (incorporated by reference to Exhibit 99 to the Form S-8 of Alliance Capital Management Holding L.P. as filed October 3, 2000).
10.28 Alliance Capital Management L.P. Annual Elective Deferral Plan (incorporated by reference to Exhibit 99 to the Form S-8 of Alliance Capital Management Holding L.P. as filed November 6, 2000).
10.29 Unit Option Plan Agreement dated December 6, 1999 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.1 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P. as filed March 28, 2000).
10.30 Unit Option Plan Agreement dated December 6, 1999 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.2 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P. as filed March 28, 2000).
10.31 Amended and Restated Alliance Partners Compensation Plan dated December 6, 1999 (incorporated by reference to Exhibit 10.3 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P. as filed March 28, 2000).
10.32 Restricted Unit Award Agreement dated December 31, 1999 with Bruce W. Calvert (incorporated by reference to Exhibit 10.4 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P. as filed March 28, 2000).
10.33 Restricted Unit Award Agreement dated December 31, 1999 with John D. Carifa (incorporated by reference to Exhibit 10.5 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P. as filed March 28, 2000).
10.34 Restricted Unit Award Agreement dated December 31, 1999 with Alfred Harrison (incorporated by reference to Exhibit 10.6 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P. as filed March 28, 2000).
10.35 Restricted Unit Award Agreement dated December 31, 1999 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.7 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P. as filed March 28, 2000).
10.36 Restricted Unit Award Agreement dated December 31, 1999 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.8 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P. as filed March 28, 2000).
10.37 Commercial Paper Dealer Agreement, dated as of December 14, 1999 (incorporated by reference to Exhibit 10.9 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P. as filed March 28, 2000).
10.38 Extendible Commercial Notes Dealer Agreement, dated as of December 14, 1999 (incorporated by reference to Exhibit 10.10 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P. as filed March 28, 2000).
10.39 Amended and Restated Investment Advisory and Management Agreement dated October 29, 1999 among Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.), Alliance Corporate Finance Group Incorporated and The Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit (a)(6) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).

10.40 Amended and Restated Accounting, Valuation, Reporting and Treasury Services Agreement dated October 29, 1999 between Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.), Alliance Corporate Finance Group Incorporated and The Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit (a)(7) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).
10.41 Global Assignment and Assumption Agreement dated October 29, 1999 between Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) and Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) (incorporated by reference to Exhibit (a)(8) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).
10.42 Pass-Through Agreement dated October 29, 1999 between Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) and Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) (incorporated by reference to Exhibit (a)(9) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).

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

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

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

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

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

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

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

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

10.51 Revolving Credit Agreement dated as of July 20, 1998 among Alliance Capital Management L.P., as Borrower, and the lending institutions listed on Schedule 1 thereto, collectively as Banks, and Nations Bank, N.A., The Chase Manhattan Bank and the Bank of New York, individually as Co-Agents, Nations Bank N.A., as Administrative Agent, The Chase Manhattan Bank, as Syndication Agent, and the Bank of New York, as Documentation Agent (incorporated by reference to Exhibit 10.106 to the Form 10-K for the fiscal year ended December 31, 1998).

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

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

10.54 1997 Long Term Incentive Plan (incorporated by reference to Annex I to the Proxy Statement on Schedule 14A of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed December 4, 1997).

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

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

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

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

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

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

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

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

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

10.64	Unit Option Plan Agreement dated December 5, 1995 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.84 to the Form 10-K for the fiscal year ended December 31, 1995 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed April 1, 1997).
10.65	Unit Option Plan Agreement dated May 10, 1994 with Bruce W. Calvert (incorporated by reference to Exhibit 10.59 to the Form 10-K for the fiscal year ended December 31, 1994 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1995).
10.66	Unit Option Plan Agreement dated May 10, 1994 with John D. Carifa (incorporated by reference to Exhibit 10.60 to the Form 10-K for the fiscal year ended December 31, 1994 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1995).
10.67	Unit Option Plan Agreement dated May 10, 1994 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.61 to the Form 10-K for the fiscal year ended December 31, 1994 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1995).
10.68	Unit Option Plan Agreement dated May 10, 1994 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.62 to the Form 10-K for the fiscal year ended December 31, 1994 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1995).
10.69	Convertible Note Purchase Agreement dated as of August 11, 1994 between Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) and Banco Bilbao Vizcaya, S.A. (incorporated by reference to Exhibit 10.67 to the Form 8-K to Alliance Capital Management L.P. (formerly Alliance Capital Management L.P.) filed on August 12, 1994).
10.70	Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) 1993 Unit Option Plan (incorporated by reference to Exhibit 4.1 to the Form S-8 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed July 12, 1993).
10.71	Alliance Capital Management L.P. Unit Bonus Plan (incorporated by reference to Exhibit 4.2 to the Form S-8 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P.) filed July 12, 1993).
10.72	Alliance Capital Management L.P. Century Club Plan (incorporated by reference to Exhibit 4.3 to the Form S-8 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P.) filed July 12, 1993).
10.73	Unit Option Plan Agreement dated October 10, 1992 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.49 to the Form 10-K for the fiscal year ended December 31, 1992 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 25, 1993).
10.74	Unit Option Plan Agreement dated October 10, 1992 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.48 to the Form 10-K for the fiscal year ended December 31, 1992 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 25, 1993).
10.75	Alliance Capital Accumulation Plan (incorporated by reference to Exhibit 10.51 to the Form 10-K for the fiscal year ended December 31, 1992 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 25, 1993).
10.76	Transfer Agreement dated December 12, 1991 between Alliance Capital Management Corporation and Alliance GP Incorporated (incorporated by reference to Exhibit 10.46 to the Form 10-K of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 27, 1992).
10.77	Unit Option Plan Agreement dated August 8, 1991 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.42 to the Form 10-K for the fiscal year ended December 31, 1991 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 27, 1992).
10.78	Unit Option Plan Agreement dated August 8, 1991 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.41 to the Form 10-K for the fiscal year ended December 31, 1991 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 27, 1992).
10.79	Alliance Capital Accumulation Plan (incorporated by reference to Exhibit 10.11 to the Form 10-K for the fiscal year ended December 31, 1988 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 31, 1989).
10.80	Alliance Partners Plan (incorporated by reference to Exhibit 10.12 to the Form 10-K for the fiscal year ended December 31, 1988 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 31, 1989).
11.1	Computation of Pro Forma Earnings per Unit for the year ended December 31, 2000
21.1	Subsidiaries of Alliance Capital
23.1	Consent of KPMG LLP in respect of the consolidated financial statements of Alliance Holding.
23.2	Consent of KPMG LLP in respect of the consolidated financial statements of Alliance Capital.
24.1	Power of Attorney by Donald H. Brydon
24.2	Power of Attorney by Henri de Castries
24.3	Power of Attorney by Denis Duverne
24.4	Power of Attorney by Richard S. Dziadzio
24.5	Power of Attorney by Alfred Harrison
24.6	Power of Attorney by Hervé Hatt
24.7	Power of Attorney by Michael Hegarty
24.8	Power of Attorney by Roger Hertog
24.9	Power of Attorney by Benjamin D. Holloway
24.10	Power of Attorney by W. Edwin Jarmain
24.11	Power of Attorney by Edward D. Miller
24.12	Power of Attorney by Peter D. Noris
24.13	Power of Attorney by Lewis A. Sanders
24.14	Power of Attorney by Peter J. Tobin
24.15	Power of Attorney by Stanley B. Tulin

Signatures

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

Alliance Capital Management Holding L.P.

.

By: Alliance Capital Management

Corporation, General Partner

Date: March 30, 2001 By: /s/ Bruce W. Calvert

Bruce W. Calvert
Chief Executive Officer and
Vice Chairman of the Board of Directors

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

Date: March 30, 2001 /s/ John D. Carifa

John D. Carifa
President and Chief Operating Officer

Date: March 30, 2001 /s/ Robert H. Joseph, Jr.

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

Directors

/s/ Dave H. Williams

Dave H. Williams
Chairman and Director

*

Roger Hertog
Director

*

Donald H. Brydon
Director

*

Benjamin D. Holloway
Director

/s/ Bruce W. Calvert

Bruce W. Calvert
Director

*

W. Edwin Jarmain
Director

/s/ John D. Carifa

John D. Carifa
Director

*

Edward D. Miller
Director

*

Henri de Castries
Director

*

Peter D. Noris
Director

*

Denis Duverne
Director

*

Lewis A. Sanders
Director

*

Richard S. Dziadzio
Director

/s/ Frank Savage

Frank Savage
Director

*

Alfred Harrison
Director

*

Peter J. Tobin
Director

*

Hervé Hatt
Director

*

Stanley B. Tulin
Director

*

Michael Hegarty
Director

/s/ Reba W. Williams

Reba W. Williams
Director

/s/ David R. Brewer, Jr.

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

ACQUISITION AGREEMENT

dated as of

June 20, 2000

Amended and Restated as of

October 2, 2000

among

ALLIANCE CAPITAL MANAGEMENT L.P.,

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.,

ALLIANCE CAPITAL MANAGEMENT LLC,

SANFORD C. BERNSTEIN INC.,

BERNSTEIN TECHNOLOGIES INC.,

SCB PARTNERS INC.,

SANFORD C. BERNSTEIN & CO., LLC,

and

SCB LLC

TABLE OF CONTENTS

ACQUISITION AGREEMENT

AGREEMENT dated as of June 20, 2000 and amended and restated as of October 2, 2000 among Alliance Capital Management L.P., a Delaware limited partnership ("**Buyer**"), Alliance Capital Management Holding L.P., a Delaware limited partnership ("**Alliance Holding**"), Alliance Capital Management LLC ("**ACM LLC**"), a Delaware limited liability company, Sanford C. Bernstein Inc., a Delaware corporation ("**Seller**"), Bernstein Technologies Inc., a California corporation ("**BTI**"), SCB Partners Inc., a New York corporation ("**SCB Partners**"), Sanford C. Bernstein & Co., LLC, a Delaware limited liability company ("**BD LLC**"), and SCB LLC, a Delaware limited liability company ("**ADV LLC**").

W I T N E S S E T H:

WHEREAS, Buyer, Alliance Holding, Seller and BTI are parties to an Acquisition Agreement dated as of June 20, 2000 (the "**Original Agreement**");

WHEREAS, the parties desire to amend the Original Agreement for the following purposes and do not intend to modify the terms of the Original Agreement other than as necessary to achieve the following purposes: (1) to include ACM LLC, SCB Partners, BD LLC and ADV LLC as parties, (2) to insure the economic consequences contemplated by the Original Agreement and herein and (3) to provide that Buyer will acquire SCB New York's investment advisory business by purchasing the Equity of ADV LLC rather than by purchasing the assets and assuming the liabilities associated with the investment advisory business of SCB New York (as defined herein), as was contemplated by the Original Agreement;

WHEREAS, in order to set forth in one document, for the convenience of the parties, the text of the Original Agreement as amended by the amendments to be made upon the effectiveness hereof, the Original Agreement will, upon the effectiveness hereof, be amended and restated to read in full as set forth herein;

WHEREAS, the Companies (as herein defined) (other than ADV LLC) are wholly owned direct Subsidiaries (as herein defined) of Seller, ADV LLC is a wholly owned direct subsidiary of SCB New York, Seller is an S corporation within the meaning of the Code, and SCB New York, BTI and SCB Partners are each qualified subchapter S subsidiaries within the meaning of the Code;

WHEREAS, pursuant to the Original Agreement, (1) the Seller has organized SCB Partners as a new New York corporation and a direct wholly owned Subsidiary of Seller; (2) SCB Partners has organized BD LLC as a new Delaware limited liability company and a direct wholly owned Subsidiary of SCB Partners; (3) SCB New York has organized ADV LLC as a new Delaware limited liability company and a direct wholly owned Subsidiary of SCB New York; and (4) the Buyer has organized ACM LLC as a new wholly owned Delaware limited liability company;

WHEREAS, the Companies are engaged in the business of providing investment advisory and broker dealer services to a variety of institutional and individual clients;

WHEREAS, concurrently with the execution and delivery of the Original Agreement, certain stockholders of Seller who own, in the aggregate, more than 80% of the outstanding voting securities of Seller entered into Voting Agreements (as herein defined) with Buyer;

WHEREAS, concurrently with the execution and delivery of the Original Agreement, AXA Financial (as herein defined), which owns ACMC (as herein defined), the general partner of Buyer and Alliance Holding, entered into (i) a Financing Agreement with Buyer pursuant to which AXA Financial agreed to finance the Cash Purchase Price, (ii) a Purchase Agreement with Seller and Buyer pursuant to which AXA Financial agreed to purchase the Acquired Units at such times and on such terms and conditions as specified therein (the "**Purchase Agreement**") and (iii) a Letter Agreement with Seller pursuant to which AXA Financial agreed to elect or cause the election of Messrs. Sanders and Hertog to the Board of Directors of ACMC for a minimum of three years from the Closing Date;

WHEREAS, concurrently with the execution and delivery of the Original Agreement, Buyer entered into employment agreements with each of the following individuals: Sanders, Hertog, Andrew S. Adelson, Marilyn G. Fedak and Michael L. Goldstein;

WHEREAS, on the terms and subject to the conditions set forth herein, Buyer and Seller desire to effect the following series of transactions: (1) the transfer by Seller to SCB Partners of the Equity of each of SCB Australia, SCB United Kingdom, SCB New York and the Purchased Investments (as defined below); (2) the merger of SCB New York with and into BD LLC; (3) the transfer and delivery by BD LLC to ADV LLC of the Designated ADV LLC Transferred Assets and the assumption by ADV LLC of the Designated ADV LLC Assumed Liabilities; (4) the sale by BD LLC, and the purchase by Buyer, of the Equity of ADV LLC; (5) the instruction by BD LLC to Buyer to transfer the ADV Cash Consideration and the ADV Units Consideration on BD LLC's behalf directly to SCB Partners; (6) the sale by BTI, and the purchase by Buyer, of the BTI Purchased Assets and the assumption by Buyer of the BTI Assumed Liabilities (in each case as defined below) for cash; (7) the Dividend Distribution; and (8) after the transactions contemplated in clauses (1) to (6), (A) the sale by SCB Partners, and the purchase by Buyer, of the Equity of SCB United Kingdom and SCB Australia and the Purchased Investments, in each case for cash and Buyer Units, (B) the instruction by Buyer to Seller to cause SCB Partners to convey to Alliance Delaware (as defined below) on Buyer's behalf the Equity of SCB Australia and SCB United Kingdom that Buyer acquired pursuant to this Agreement; (C) the sale by SCB Partners, and the purchase by Buyer, of the Buyer Interest (as defined below) for Buyer Units, (D) the instruction by Buyer to Seller to cause SCB Partners to convey to ACM LLC on Buyer's behalf the Buyer Interest that Buyer acquired pursuant to this Agreement and (D) the sale by SCB Partners, and the purchase by ACM LLC, of the Buyer LLC Interest (as defined below) for cash.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

SECTION 1.01. *Definitions*. (a) The following terms, as used herein, have the following meanings:

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

"**Acquired Units**" means the Buyer Units that SCB Partners is acquiring directly or indirectly pursuant to this Agreement, *provided* that, for purposes of Section 5.10, "Acquired Units" shall also refer to any securities or other interests of Buyer, Alliance Holding or any of their successors issued, exchanged or otherwise received, directly or indirectly, in respect of any Acquired Units.

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any offer or proposal for, or any indication of interest in, a merger, consolidation, share exchange, business combination, sale of a significant portion of all the assets, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Seller or any of the Companies or any proposal, offer or indication of interest to acquire, directly or indirectly, any equity interest in, any voting securities of, or a significant portion of the assets of, Seller or any of the Companies, other than the transactions contemplated by this Agreement.

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person; *provided* that none of the Companies shall be considered an Affiliate of Seller.

"**Alliance Delaware**" means Alliance Capital Management Corporation of Delaware, a Delaware corporation and a wholly owned direct subsidiary of Buyer.

"**Alliance Holding Limited Partnership Agreement**" means the Amended and Restated Limited Partnership Agreement of Alliance Holding dated as of October 29, 1999.

"**Anniversary Period**" means a twelve month period beginning on the Closing Date or an annual anniversary thereof.

"**Appraisal**" means a determination by (1) BDO Seidman LLP of the value (as of June 20, 2000) of (x) the BTI Purchased Assets together with the BTI Assumed Liabilities, (y) the Designated ADV LLC Transferred Assets together with the Designated ADV LLC Assumed Liabilities and (z) the Equity of SCB Australia, the Equity of SCB United Kingdom, the Purchased Investments and, after the sale and purchase of the BTI Purchased Assets, the transfer of the Designated ADV LLC Transferred Assets, the assumption of the Designated ADV LLC Assumed Liabilities and the Dividend Distribution, the Equity of BD LLC; (2) if within 30 days upon receipt of such BDO Seidman LLP determination, KPMG LLP, at the request of Buyer, delivers a notice to BDO Seidman LLP and Seller disagreeing with such determination and offers its own determination of such value, such KPMG LLP determination; and (3) if BDO Seidman LLP disagrees with such KPMG LLP determination, such determination as made within 30 days of the KPMG LLP determination (but in no event less than 5 days before the Closing Date) by an independent appraiser to be mutually agreed upon by BDO Seidman LLP and KPMG LLP. Any reference to the value of the Equity of ADV LLC as determined pursuant to the Appraisal shall be a reference to the value determined pursuant to the Appraisal of the Designated ADV LLC Transferred Assets net of the Designated ADV LLC Assumed Liabilities.

"**AXA Financial**" means AXA Financial, Inc., a Delaware corporation.

"**Business Day**" means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"**Buyer Balance Sheet Date**" means December 31, 1999.

"**Buyer Interest Rate**" means a rate per annum equal to the ACM Institutional Reserves, Inc.–Prime Portfolio yield for October 1, 2000.

"**Buyer Limited Partnership Agreement**" means the Amended and Restated Agreement of Limited Partnership of Buyer dated as of October 29, 1999.

"**Buyer Transaction Agreements**" means the Transaction Agreements to which the Buyer is a party.

"**Buyer Units**" means units representing limited partnership interests in Buyer.

"**CERCLA**" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and any rules or regulations promulgated thereunder.

"**Client Contract**" means any agreement entered into by Seller or any of the Companies for the provision of investment advice (as defined by the Investment Advisers Act) to any Advisory Client.

"**Closing Date**" means the date of the Closing.

"**Common Stock**" means (i) with respect to Seller, its common stock, par value $.01 per share; (ii) with respect to SCB New York, as of June 20, 2000, its common stock par value $.01 per share; (iii) with respect to BTI, its common stock, par value $.001 per share; (iv) with respect to SCB Australia, its share capital, par value AUS$1.00 per share; and (v) with respect to SCB United Kingdom, its share capital, par value £1.00 per share.

"**Companies**" means SCB New York, BTI, SCB United Kingdom, SCB Australia and ADV LLC; and "**Company**" means any one of the foregoing; *provided*, however, that prior to the date of its formation ADV LLC is not included in the Companies.

"**Confidentiality Agreements**" means the two confidentiality agreements between Buyer and Seller each dated May 11, 2000.

"**Damages**" means any damage, loss, liability and expense (including, without limitation, reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any action, suit or proceeding), *provided* that the term "Damages" does not include any such damages, losses, liabilities and expenses which total in the aggregate less than $50,000 with respect to a single Warranty Breach or any group of related Warranty Breaches arising out of the same or similar facts or events.

"**Deferred Compensation Plan**" means the deferred compensation plan adopted by Buyer as of the Closing Date, the terms of which shall be consistent with the term sheet attached hereto as Exhibit A.

"**Designated ADV LLC Assumed Liabilities**" means the debts, obligations, contracts and liabilities (including all Employee Plans other than the Principals' Profit-Sharing Pool) of SCB New York and, following the Merger, BD LLC as designated by Buyer by notice to Seller prior to Closing.

"**Designated ADV LLC Excluded Assets**" means the assets, properties and business of SCB New York and, following the Merger, BD LLC as designated by Buyer by notice to Seller prior to Closing.

"**Designated ADV LLC Excluded Liabilities**" means the debts, obligations, contracts and liabilities (including the Principals' Profit-Sharing Pool) of SCB New York and, following the Merger, BD LLC as designated by Buyer by notice to Seller prior to Closing.

"**Designated ADV LLC Transferred Assets**" means the assets, properties and business (including all assets set aside under any Employee Plans, other than the Principals' Profit-Sharing Pool) (other than the Designated ADV LLC Excluded Assets) of SCB New York and, following the Merger, BD LLC as designated by Buyer by notice to Seller prior to Closing.

"**Disclosure Letter**" means the disclosure letter of Seller dated June 20, 2000 and delivered to Buyer in connection with the Original Agreement.

"**Dividend Distribution**" means the distribution to SCB Partners by BD LLC of the cash and Buyer Units received by BD LLC from Buyer in exchange for the Equity of ADV LLC.

"**Eligible Seller Employees**" means individuals employed by Buyer or its Subsidiaries or any Affiliate of Buyer or its Subsidiaries on or after the Closing Date who are stockholders of Seller or participants in the Principals' Profit-Sharing Pool as of the Closing Date and their replacements.

"**Employment Agreements**" means the employment agreements dated June 20, 2000 between Buyer and each of Sanders, Hertog, Andrew S. Adelson, Marilyn G. Fedak and Michael L. Goldstein.

"**Environmental Laws**" means any federal, state, local or foreign law (including, without limitation, common law), treaty, judicial decision, regulation, rule, judgment, order, decree, injunction, permit or governmental restriction or requirement or any agreement with any governmental authority, whether now or hereafter in effect, relating to human health and safety as it relates to Hazardous Substances, the environment or to pollutants, contaminants, wastes or chemicals or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substances, wastes or materials.

"**Environmental Permits**" means all permits, licenses, franchises, certificates, approvals and other similar authorizations of governmental authorities relating to or required by Environmental Laws and affecting, or relating in any way to, the business of any Company as currently conducted.

"**Equity**" means all outstanding shares of capital stock or other equity interests, including limited liability company membership interests, of the Companies (or, as the case may be, any applicable Company).

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**Excluded BTI Assets**" means (i) all Tax Assets of BTI, (ii) all receivables arising from the licensing of any intangible property of BTI to any licensee accrued as of the Closing and (iii) any indebtedness of Seller or any of its Affiliates, other than an Acquired Company to BTI.

"**Executive Committee**" means the Management Compensation Committee of Buyer, to be renamed the Executive Committee in accordance with Section 6.03(b).

"**Financial Services Act 1986**" means the United Kingdom Financial Services Act 1986.

"**Financing Agreement**" means the financing agreement between AXA Financial and Buyer dated as of June 20, 2000.

"**General Seller Employees**" means individuals employed by Buyer or its Subsidiaries or any Affiliate of Buyer or its Subsidiaries on or after the Closing Date who are employees (but not stockholders or principals) of Seller or the Companies as of the Closing Date and their replacements and additions, if any.

"**Going Private Transaction**" means a transaction or series of transactions that has the effect of causing, either directly or indirectly, the Public Units to be neither listed on any national securities exchange nor authorized to be quoted on the inter-dealer quotation system of any registered national securities association.

"**Hazardous Substances**" means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substance, waste or material, or any substance, waste or material having any constituent elements displaying any of the foregoing characteristics, including, without limitation, petroleum, its derivatives, by-products and other hydrocarbons, and any substance, waste or material regulated under any Environmental Law.

"**Hertog**" means Roger Hertog, an individual.

"**HSR Act**" means the Hart–Scott–Rodino Antitrust Improvements Act of 1976, as amended.

"**Intellectual Property Rights**" means (i) inventions, whether or not patentable, reduced to practice or made the subject of one or more pending patent applications, (ii) national and multinational statutory invention registrations, patents and patent applications (including all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof) registered or applied for in the United States and all other nations throughout the world, all improvements to the inventions disclosed in each such registration, patent or patent application, (iii) trademarks, service marks, trade dress, logos, domain names, trade names and corporate names (whether or not registered) in the United States and all other nations throughout the world, including all variations, derivations, combinations, registrations and applications for registration of the foregoing and all goodwill associated therewith, (iv) copyrights (whether or not registered) and registrations and applications for registration thereof in the United States and all other nations throughout the world, including all derivative works, moral rights, renewals, extensions, reversions or restorations associated with such copyrights, now or hereafter provided by law, regardless of the medium of fixation or means of expression, (v) computer software, (including source code, object code, firmware, operating systems and specifications), (vi) trade secrets and, whether or not confidential, business information (including pricing and cost information, business and marketing plans and customer and supplier lists) and know-how (including manufacturing and production processes and techniques and research and development information), (vii) industrial designs (whether or not registered), (viii) databases and data collections, (ix) copies and tangible embodiments of any of the foregoing, in whatever form or medium, (x) all rights to obtain and rights to apply for patents, and to register trademarks and copyrights, (xi all rights in all of the foregoing provided by treaties, conventions and common law and (xii) all rights to sue or recover and retain damages and costs and attorneys' fees for past, present and future infringement or misappropriation of any of the foregoing.

"**International Plan**" means each employment, severance, consulting or similar contract, plan, arrangement or policy and each other plan or arrangement providing for compensation, bonuses, profit-sharing, stock option or other equity-related rights or other forms of incentive or deferred compensation, vacation benefits, insurance coverage, health, medical or dental benefits, employee assistance program disability benefits, workers' compensation, supplemental unemployment benefits, severance benefits and post-employment or retirement benefits which is maintained primarily for the benefit of employees of the Companies who are based outside the United States.

"**Investment Advisers Act**" means the Investment Advisers Act of 1940, as amended.

"**Investment Company Act**" means the Investment Company Act of 1940, as amended.

"**Investment Contract**" means each contract or agreement in effect to which Seller or any of the Companies is a party pursuant to which Seller or any of the Companies provides Investment Management Services to any Advisory Client.

"**Investment Management Services**" means investment management, investment advisory, investment sub-advisory, research, administrative or related services.

"**Licensed Intellectual Property Rights**" means all Intellectual Property Rights owned by a third party and licensed or sublicensed to any of the Companies.

"**Lien**" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of such property or asset and any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of any security). For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any property or asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property or asset.

"**Material Adverse Effect**" means (a) with respect to Seller and/or the Companies, as the case may be, a material adverse effect on the financial condition, business or results of operations of the Companies, taken as a whole (in the case of the Companies) or the Seller and the Companies, taken as a whole (in the case of Seller), *provided, however,* that any such effect primarily attributable to any of the following shall be excluded from any determination as to whether a Material Adverse Effect exists: (i) a decline in the securities markets or in general economic conditions; (ii) a decline in any assets under management with respect to which the Companies serve as investment adviser or sub-adviser; or (iii) a change or development in the investment management industry generally or the business of broker-dealers generally or any change in law, rule or regulation affecting such industries; and (b) with respect to Buyer, its Subsidiaries and Alliance Holding, a material adverse effect on the financial condition, business or results of operations of Buyer, its Subsidiaries and Alliance Holding, taken as a whole, *provided, however,* that any such effect primarily attributable to any of the following shall be excluded from any determination as to whether a Material Adverse Effect exists: (i) a decline in the securities markets or in general economic conditions; (ii) a decline in any assets under management with respect to which Buyer or its Subsidiaries serves as investment adviser or sub-adviser; or (iii) a change or development in the investment management industry generally or any change in law, rule or regulation affecting such industry.

"**1933 Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**1934 Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Overall Cash Percentage**" means the ratio of (i) the Cash Purchase Price to (ii) an amount equal to the sum of the Cash Purchase Price and the value of the Units Purchase Price determined using the value assigned to the Units in Section 2.05(f).

"**Owned Intellectual Property Rights**" means all Intellectual Property Rights owned by any Company.

"**Permit**" means a governmental license, permit, certificate, approval, registration, qualification or other similar authorization affecting, or relating in any way to, the assets or business of the Companies.

"**Person**" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"**Principals' Profit-Sharing Pool**" means the Principals' Profit-Sharing Pool adopted by Seller for the benefit of certain employees of the Companies as in effect on June 20, 2000, as it may be amended or restated from time to time by Seller in its sole discretion without the consent of Buyer.

"**Public Units**" means units representing assignments of beneficial interests in corresponding limited partnership interests in Alliance Holding, a Delaware limited partnership.

"**Purchased Investments**" means such portion of the securities, contracts, assets and rights referred to in paragraph (b) of Section 3.07 of the Disclosure Letter as is owned by Seller.

"**Sanders**" means Lewis A. Sanders, an individual.

"**SCB Australia**" means Sanford C. Bernstein & Co. Proprietary Limited, an Australian proprietary company.

"**SCB Committee Replacement List**" means the list of individuals set forth on Schedule 6.03(a) as such list may be supplemented from time to time by the Board of Directors of Seller by notice to Buyer.

"**SCB New York**" means Sanford C. Bernstein & Co., Inc., a New York corporation and, where appropriate, its successor, BD LLC, as contemplated by Section 2.01.

"**SCB United Kingdom**" means Sanford C. Bernstein Limited, a private company limited by shares organized under the laws of England and Wales.

"**SEC**" means the Securities and Exchange Commission.

"**Seller Balance Sheet**" means the audited consolidated balance sheet of the Seller and the Companies as of December 31, 1999.

"**Seller Balance Sheet Date**" means December 31, 1999.

"**Seller Transaction Agreements**" means the Transaction Agreements to which Seller is a party.

"**Subsidiary**" means any entity of which the securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Buyer, Seller or any of the Companies, as the context may require.

"**Superior Proposal**" means any bona fide, unsolicited written Acquisition Proposal to acquire at least a majority of the outstanding Common Stock of Seller, all or substantially all of the Equity or all or substantially all of the assets of the Seller and the Companies, or any other transactions or series of transactions which are substantially equivalent to the transactions contemplated hereby, in each case on terms that the Board of Directors of the Seller determines in good faith by a majority vote, after receiving the advice of a financial advisor of nationally recognized reputation and taking into account all the terms and conditions of the Acquisition Proposal, including any break-up fees, expense reimbursement provisions and conditions to consummation, is reasonably likely to result in a transaction providing greater value to all of Seller's stockholders than as provided hereunder and for which financing, to the extent required, is then fully committed or reasonably determined to be available by the Board of Directors of Seller.

"**Termination Date**" means December 31, 2000 or such later date as is determined pursuant to Section 12.01(b)(i).

"**Transaction Agreements**" means this Agreement, the Purchase Agreement, the Financing Agreement, the Employment Agreements, the Voting Agreements, the Registration Rights Agreement dated as of the Closing Date between Seller and Alliance Holding containing the terms set forth in Exhibit B hereto and the Letter Agreement dated as of June 20, 2000 between Seller and AXA Financial.

"**Voting Agreements**" means the Stockholder Agreements effective as of June 20, 2000 between Buyer and certain shareholders of Seller; and "**Voting Agreement**" means any one of the foregoing.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Accounting Referee	2.07
ACM LLC	Preamble
Acquired Companies	8.01
Additional Units	2.09
ADV Cash Consideration	2.05
ADV LLC	Preamble
ADV Units Consideration	2.05
Advisory Clients	3.23
Adjusted Purchase Price	2.08
Adjusted Base Revenue Run Rate	2.09
Affirmative Consent	5.08
Alliance Holding	Preamble
Antitrust Laws	7.01
Audited Financial Statements	3.08
Base Revenue Run Rate	2.09
Base Stockholder's Equity	2.08
BD Cash Consideration	2.05
BD LLC	Preamble
BD Units Consideration	2.05
Board Mat	5.07
Bonus Pools	9.02
Broker	3.28
Broker Filings	3.28
BTI	Preamble
BTI Assumed Liabilities	2.03
BTI Consideration	2.05
BTI Purchased Assets	2.03
Buyer	Preamble
Buyer Difference	2.07
Buyer ERISA List	5.09
Buyer Indemnitee	8.01
Buyer Interest	2.04
Buyer LLC Interest	2.04
Buyer SEC Documents	4.07

Seller Trademarks and Tradenames	5.05
Services Agreement	3.24
Shareholder	8.02
Short Fall Multiplier	2.09
Stanley Bogen Pool	2.09
Tax	8.01
Tax Asset	8.01
Tax Indemnification Period	8.01
Taxing Authority	8.01
Tax Sharing Agreements	8.01
Termination Fee	13.03
Termination Pay	9.05
Transfer	5.10
Third Party Claim	11.03
12b-1 Plan	3.24
Underwriting Agreement	3.24
Unitholder Meeting	6.04
Units Purchase Price	2.05
Units Revenue Run Rate Adjustment	2.09
Warranty Breach	11.02
Year 2000 Compensation	9.01

ARTICLE 2

PURCHASE AND SALE

SECTION 2.01. *Pre-closing Restructuring.* (a Prior to the Closing Date, (i Seller shall organize SCB Partners as a direct wholly owned corporate Subsidiary of Seller, (ii) SCB Partners shall organize BD LLC as a new Delaware limited liability company and a direct wholly owned Subsidiary of SCB Partners and (iii) SCB New York shall (and Seller shall cause SCB New York to) organize ADV LLC as a new Delaware limited liability company and a direct wholly owned Subsidiary of SCB New York.

(b) Prior to the Closing Date, Buyer shall organize ACM LLC as a new Delaware limited liability company and a direct wholly owned subsidiary of Buyer.

(c) Prior to the Closing Date: (i) (A) Seller will amend the Principals' Profit-Sharing Pool or take such other action such that, as of September 30, 2000 SCB Partners (or Seller) will assume all liabilities, and none of the Companies will have any liability, under the Principals' Profit-Sharing Pool following the Closing Date; (B) Seller shall (or Seller shall cause SCB Partners to) assume all Taxes of the Companies as of Closing; (C) Seller shall (or Seller shall cause SCB Partners to) assume or satisfy any liabilities of the Companies for wages, bonuses, incentive compensation or other compensation as of September 30, 2000; and (D) Seller shall (or Seller shall cause SCB Partners to) retain undistributed earnings of the Companies as of September 30, 2000; and (ii) Seller and SCB Partners may retain assets in the form of cash and cash equivalents equal to the sum of the foregoing.

(d) Each of SCB Partners, BD LLC, ADV LLC and ACM LLC agree to be bound by their respective obligations under the Transaction Agreements.

(e) (i) On the Closing Date, effective prior to the Closing, Seller shall transfer to SCB Partners all of the Equity of each of SCB New York, SCB Australia and SCB United Kingdom and all of the Purchased Investments.

(ii) On or prior to the Closing Date, effective prior to the Closing and prior to the transactions contemplated by Sections 2.03 and 2.04, SCB New York shall be merged (the "**Merger**") with and into BD LLC in accordance with New York and Delaware law, whereupon the existence of SCB New York as a corporation shall cease and BD LLC shall be the surviving entity.

(iii) On or prior to the Closing Date, effective prior to the Closing, (A) BD LLC shall convey, transfer, assign and deliver to ADV LLC, free and clear of all Liens other than Permitted Liens, all of BD LLC's right, title and interest in, to and under the Designated ADV LLC Transferred Assets and (B) upon the terms and subject to the conditions of this Agreement, ADV LLC shall assume all of the Designated ADV LLC Assumed Liabilities; *provided*, however, that ADV LLC will not assume any of the Designated ADV LLC Transferred Excluded Liabilities or the Principals' Profit-Sharing Pool.

SECTION 2.02. *Purchase and Sale of BTI Assets; Assumption of BTI Liabilities.* (a) Purchased Assets – BTI. Upon the terms and subject to the conditions of this Agreement, Buyer agrees to purchase from BTI and BTI agrees to (and Seller agrees to cause BTI to) sell, convey, transfer, assign and deliver to Buyer at the Closing, free and clear of all Liens, other than Permitted Liens, all of BTI's right, title and interest in, to and under the assets, contracts, properties and business, of every kind and description, wherever located, real, personal or mixed, tangible or intangible owned by BTI on the Closing Date, including all assets of BTI shown on the Seller Balance Sheet and not disposed of in the ordinary course of business or as permitted by this Agreement, all assets set aside under any Employee Plans and all assets of BTI acquired by BTI after the Seller Balance Sheet Date, but excluding the Excluded BTI Assets (the "**BTI Purchased Assets**").

(b) Assumed Liabilities – BTI. Upon the terms and subject to the conditions of this Agreement, Buyer agrees, effective at the time of the Closing, to assume all debts, obligations, contracts and liabilities (including Employee Plans) of BTI (the "**BTI Assumed Liabilities**") excluding any liability or obligation of BTI (A) relating to Taxes, (B) under the Principals' Profit-Sharing Pool, (C) relating to wages, bonuses, incentive compensation or other compensation as of Closing and (D) to Seller or any shareholder or principal of Seller (such exclusions collectively, the "**Excluded BTI Liabilities**").

(c) Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign or assume any BTI Purchased Asset or any claim or right or any benefit arising thereunder or resulting therefrom if such assignment, without the consent of a third party thereto, would constitute a breach or other contravention of such BTI Purchased Asset or in any way adversely affect the rights of Buyer or BTI thereunder. BTI and Buyer will use their reasonable best efforts to obtain the consent of the other parties to any such BTI Purchased Asset or any claim or right or any benefit arising thereunder for the assignment thereof to Buyer as Buyer may request. If such consent is not obtained, or if an attempted assignment thereof would be ineffective or would adversely affect the rights of BTI thereunder so that Buyer would not in fact receive all such rights, BTI and Buyer will cooperate in a mutually agreeable arrangement under which Buyer would obtain the benefits and assume the obligations thereunder in accordance with this Agreement, including sub-contracting, sub-licensing, or sub-leasing to Buyer, or under which BTI would enforce for the benefit of Buyer, with Buyer assuming BTI's obligations, any and all rights of BTI against a third party thereto. BTI will promptly pay to Buyer when received all monies received by BTI under any BTI Purchased Asset or any claim or right or any benefit arising thereunder.

SECTION 2.03. *Purchase and Sale of ADV LLC.* (a) Equity of ADV LLC. Upon the terms and subject to the conditions of this Agreement, Buyer agrees to purchase from BD LLC, and BD LLC agrees (and Seller and SCB Partners agree to cause BD LLC) to sell to Buyer at the Closing, all of the Equity of ADV LLC, free and clear of all Liens, other than Permitted Liens.

(b) Excluded Assets – ADV LLC. Buyer and Seller (on behalf of itself and SCB Partners) expressly understand and agree that, at the time of the sale of the Equity of ADV LLC to Buyer, the only assets of ADV LLC will be the Designated ADV LLC Transferred Assets and that those assets will exclude the Designated ADV LLC Excluded Assets, including the Principals' Profit-Sharing Pool.

(c) Intentionally omitted.

(d) Excluded Liabilities – ADV LLC. Notwithstanding any provision in this Agreement or any other writing to the contrary, Buyer and Seller (on behalf of itself, SCB Partners and BD LLC) expressly understand and agree that, at the time of the sale of the Equity of ADV LLC to Buyer, the only liabilities of ADV LLC will be the Designated ADV LLC Assumed Liabilities and that those liabilities will exclude the Designated ADV LLC Excluded Liabilities, it being understood that, following the consummation of the sale of the Equity of ADV LLC, the Designated ADV LLC Excluded Liabilities (other than the Principals' Profit-Sharing Pool) will remain liabilities of BD LLC.

(e) Dividend Distribution. After the sale by BD LLC and purchase by Buyer of all of the Equity of ADV LLC, and prior to the transactions contemplated by Section 2.04, BD LLC shall make the Dividend Distribution to SCB Partners.

(f) Assets; All Liabilities. Buyer expressly agrees that (i) the sum of the Designated ADV LLC Transferred Assets and the Designated ADV LLC Excluded Assets comprise all of the combined assets of SCB New York and ADV LLC as of the Closing Date, and (ii) the sum of the Designated ADV LLC Assumed Liabilities and the Designated ADV LLC Excluded Liabilities comprise all of the combined liabilities of SCB New York and ADV LLC as of the Closing Date. Buyer shall hold Seller harmless for all Designated ADV LLC Assumed Liabilities and all Designated ADV LLC Excluded Liabilities, except for any such liabilities assumed by Seller or SCB Partners under Section 2.01(c).

SECTION 2.04. *Purchase and Sale of Equity and Purchased Investments*. Provided that the transactions described in Sections 2.01, 2.02 and 2.03 have occurred and, immediately thereafter, each of the following transactions shall occur in the following order and in immediate succession:

(a) BD LLC Interests - ACM LLC. Upon the terms and subject to the conditions of this Agreement, SCB Partners agrees to (and Seller agrees to cause SCB Partners to) sell to ACM LLC and ACM LLC agrees to (and Buyer agrees to cause ACM LLC to) purchase from SCB Partners at the Closing an amount of Equity in BD LLC equal to the Overall Cash Percentage of the Equity of BD LLC (the "**Buyer LLC Interest**"), free and clear of all Liens.

(b) BD LLC Interests - Buyer. Upon the terms and subject to the conditions of this Agreement, SCB Partners agrees to (and Seller agrees to cause SCB Partners to) sell to Buyer and Buyer agrees to purchase from SCB Partners at the Closing the Equity of BD LLC that is not sold and purchased in the transaction described in Section 2.04(a) (the "**Buyer Interest**"), free and clear of all Liens, and Buyer instructs Seller to cause SCB Partners on Buyer's behalf to convey to ACM LLC the Equity in BD LLC Buyer is thus acquiring.

(c) SCB Australia, SCB United Kingdom and the Purchased Investments. Upon the terms and subject to the conditions of this Agreement, SCB Partners agrees to (and Seller agrees to cause SCB Partners to) sell to Buyer and Buyer agrees to purchase from SCB Partners at the Closing all of the Equity of each of SCB Australia and SCB United Kingdom and all of the Purchased Investments, in each case free and clear of all Liens, and Buyer instructs Seller to cause SCB Partners on Buyer's behalf to convey to Alliance Delaware as of Closing the Equity in SCB Australia and SCB United Kingdom Buyer is thus acquiring.

SECTION 2.05. *Purchase Price.* (a) Equity of BD LLC (ACM LLC). The purchase price for the portion of the Equity of BD LLC purchased by ACM LLC pursuant to Section 2.04(a) of this Agreement is equal to (i) the Overall Cash Percentage *times* (ii) the value of BD LLC, as determined by the Appraisal, payable entirely in cash (the "**BD Cash Consideration**").

(b) Equity of BD LLC (Buyer). The purchase price for the portion of the Equity of BD LLC purchased by Buyer pursuant to Section 2.04(b) of this Agreement is equal to (i) 1 minus the Overall Cash Percentage *times* (ii) the value of BD LLC, as determined by the Appraisal, payable entirely in Buyer Units determined using the value assigned to the Units in Section 2.05(f) (the "**BD Units Consideration**").

(c) BTI Purchased Assets. The purchase price for the BTI Purchased Assets purchased by Buyer pursuant to Section 2.02(a) of this Agreement is, in addition to the assumption of the BTI Assumed Liabilities, the net value of the BTI Purchased Assets, as determined by the Appraisal (but not less than $700 million or more than $900 million), subject to adjustment under Section 2.05(f) (the "**BTI Consideration**") payable entirely in cash.

(d) Equity of ADV LLC. The purchase price for the Equity of ADV LLC purchased by Buyer pursuant to Section 2.03(a) of this Agreement is equal to its value, as determined by the Appraisal, and payable partially in cash (the "**ADV Cash Consideration**") and partially in Buyer Units (the "**ADV Units Consideration**"), in each case as determined under Section 2.05(f).

(e) Equity of SCB Australia and SCB United Kingdom and the Purchased Investments. The aggregate of the purchase prices for the Equity of each of SCB Australia and SCB United Kingdom and the Purchased Investments purchased by Buyer pursuant to Section 2.04(c) of this Agreement is equal to the aggregate of their values, as determined by the Appraisal, payable partially in cash (the "**Other Cash Consideration**") and partially in Buyer Units (the "**Other Units Consideration**"), in each case as determined in Section 2.05(f).

(f) Proration Adjustment. In the event that the sum of the BD Cash Consideration and the BTI Consideration exceeds the Cash Purchase Price, the BTI Consideration will be reduced by such amount. If the sum of the BD Cash Consideration and the BTI Consideration (after such adjustment) equals the Cash Purchase Price, the entire purchase price for each of the Equity of ADV LLC, SCB Australia and of SCB United Kingdom and the Purchased Investments, respectively, will be paid in Buyer Units. In such case, the Buyer Units remaining after the determination of the BD Units Consideration shall be allocated among the purchase prices of the Equity of ADV LLC, SCB Australia and SCB United Kingdom and the Purchased Investments, respectively, in proportion to their relative fair market values determined by the Appraisal. If the Cash Purchase Price exceeds the sum of the BD Cash Consideration and BTI Consideration, such excess cash shall be allocated among the purchase prices of the Equity of ADV LLC, SCB Australia, SCB United Kingdom and the Purchased Investments, respectively, in proportion to their relative fair market values determined by the Appraisal; and the remainder of such purchase prices shall be paid with the Buyer Units remaining after the payment of BD Units Consideration, in proportion to relative fair market values determined by the Appraisal. Solely for purposes of Sections 2.05(b), 2.05(f) and 2.05(g), each Unit shall be assigned the value set forth in Section 2.05(f) of the Disclosure Letter. If necessary, Buyer shall round the number of Units contained in each purchase price up or down to the nearest whole numbers, in such a manner that all Buyer Units received pursuant to Sections 2.05(b), 2.05(d) and 2.05(e) will equal the Units Purchase Price.

(g) Purchase Price. Notwithstanding Sections 2.05(a) through 2.05(f) above, in addition to the assumption of the BTI Assumed Liabilities, the purchase price for the BTI Purchased Assets, the Equity of ADV LLC, the Equity of SCB United Kingdom, the Equity of SCB Australia, the Purchased Investments and, after the sale and purchase of ADV LLC, the Dividend Distribution and the Merger, the Equity of BD LLC is $1.4754 billion in cash (the "**Cash Purchase Price**") and 40.8 million Buyer Units (the "**Units Purchase Price**"). The purchase price shall be paid as provided in Section 2.06 and shall be subject to adjustment as provided in Sections 2.08 through 2.10.

(h) Allocation of Adjustments. The Cash Revenue Run Rate Adjustment shall be allocated among the ADV Cash Consideration, the BD Cash Consideration and the Other Cash Consideration in proportion to their values determined by the Appraisal, and the Units Revenue Run Rate Adjustment shall be allocated among the ADV Units Consideration, the BD Units Consideration and the Other Units Consideration in proportion to their values determined by the Appraisal.

(i) Seller and SCB Partners acknowledge that no distributions will be declared or paid on the Acquired Units with respect to any fiscal quarter prior to the fourth fiscal quarter of 2000.

SECTION 2.06. *Closing*. (a) The closing (the "**Closing**") of the sale and purchase of the BTI Purchased Assets, the Purchased Investments and, after the Merger, the Equity of ADV LLC, the Equity of SCB United Kingdom, Equity of SCB Australia and, after the sale and purchase of ADV LLC and the Dividend Distribution, the Equity of BD LLC, shall take place on, and only on, October 2, 2000 so long as the conditions set forth in Article 10 are satisfied on such date at the offices of Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York or at such other place as Buyer and Seller may agree. The parties hereto agree that this Agreement shall become effective upon the Closing.

(b) At least five Business Days prior to the Closing Date, Seller shall deliver to Buyer a good faith estimate, certified in writing by the Senior Vice President, Finance and Administration of Seller, of (i) any adjustments to the Cash Purchase Price under Section 2.08(a) (such estimate of any adjustment under Section 2.08(a), the "**Estimated Purchase Price Adjustment**"), (ii) the Closing Revenue Run Rate (such estimate, the "**Estimated Revenue Run Rate**"), (iii) the Cash Revenue Run Rate Adjustment (such estimate, the "**Estimated Cash Revenue Run Rate Adjustment**") and (iv) the Units Revenue Run Rate Adjustment (such estimate, the "**Estimated Units Revenue Run Rate Adjustment**").

(c) At the Closing:

(i) Buyer shall pay to BTI by wire transfer to an account of BTI designated by BTI, by notice to Buyer, not later than two Business Days prior to the Closing Date (or if not so designated, then by certified or official bank check payable in immediately available funds to the order of BTI in such amount), immediately available funds in an amount equal to the sum of (A) the BTI Consideration, to the extent payable in cash *plus* (B) an amount equal to one day's interest (calculated on the basis of a year of 365 days) on the BTI Consideration based on the Buyer Interest Rate ;

(ii) Buyer and ACM LLC shall pay to SCB Partners by wire transfer to an account of SCB Partners designated by Seller, by notice to Buyer, not later than two Business Days prior to the Closing Date (or if not so designated, then by certified or official bank check payable in immediately available funds to the order of Seller in such amount), immediately available funds in an amount equal to the sum of (A) (the "**Estimated Cash Purchase Price**") (1) the Cash Purchase Price less the BTI Consideration (2) plus or minus, as applicable, the Estimated Purchase Price Adjustment and (3) minus the Estimated Cash Revenue Run Rate Adjustment *plus* (B) an amount equal to one day's interest (calculated on the basis of a year of 365 days) on the Estimated Cash Purchase Price based on the Buyer Interest Rate;

(iii) Buyer shall deliver to SCB Partners certificates representing 40.8 million Buyer Units minus the Estimated Units Revenue Run Rate Adjustment;

(iv) (A) Buyer and BTI shall enter into an Assignment and Assumption Agreement in such form and substance as agreed between Buyer and Seller, and Seller shall deliver to Buyer such consents, assignments and other good and sufficient instruments of conveyance and assignment as the parties and their respective counsel shall reasonably deem necessary or appropriate to vest in Buyer all right, title and interest in, to and under the BTI Purchased Assets;

(B) SCB New York shall (and Seller and SCB Partners shall cause SCB New York to) transfer to Buyer 100% of the membership interests in ADV LLC and, to the extent required, cause Buyer to be admitted as the sole member of ADV LLC;

(v) SCB Partners shall (and Seller shall cause SCB Partners to) (A) in the case of SCB United Kingdom and SCB Australia deliver to Buyer certificates for all of the Equity in respect of such Companies, such certificates to be duly endorsed or accompanied by stock powers duly endorsed in blank, with any required transfer stamps affixed thereto, (B) in the case of the Purchased Investments, transfer to Buyer all of the Purchased Investments and (C) in the case of BD LLC, transfer to ACM LLC 100% of the membership interests in such Company (a portion of which SCB Partners shall transfer to ACM LLC pursuant to Buyer's direction set forth in Section 2.04(b)) and, to the extent required, cause ACM LLC to be admitted as the sole member of such Company; and

(vi) Each of Seller, BD LLC, BTI, and SCB Partners shall deliver to Buyer a certification to the effect that Seller, BD LLC, BTI, or SCB Partners, respectively, is not a "foreign person" as defined in Section 1445 of the Code, substantially in the form set forth in Treas. Reg. Sec.1.1445–2(b)(2) and signed by a responsible officer as defined in Treas. Reg. Sec. 1.1445–2(b)(2).

(d) BD LLC shall (and Seller and SCB Partners shall cause BD LLC to) instruct Buyer to transfer the ADV Cash Consideration and the ADV Units Consideration on BD LLC's behalf directly to SCB Partners at the Closing and Seller, SCB Partners and BD LLC understand that such amounts will be included in the Estimated Cash Purchase Price and the Buyer Units that Buyer transfers to SCB Partners pursuant to Sections 2.06(c)(ii) and 2.06(c)(iii). SCB Partners agrees that receipt of the ADV Cash Consideration and the ADV Units Consideration as part of the Estimated Cash Purchase Price and the Buyer Units shall be in satisfaction of the Dividend Distribution declared by BD LLC.

SECTION 2.07. *Closing Balance Sheet; Closing Revenue Run Rate*. (a) As promptly as practicable, but no later than 60 days, after the Closing Date, Buyer will cause to be prepared and delivered to Seller (i) the Closing Balance Sheet, together with a certificate setting forth Buyer's calculation of Closing Stockholder's Equity, Closing Required Minimum Net Regulatory Capital and Closing Actual Net Regulatory Capital and (ii) a certificate setting forth Buyer's calculation of Closing Revenue Run Rate. The Closing Balance Sheet (the "**Closing Balance Sheet**") shall (w) fairly present the combined financial position of the Companies (and Seller's interest in the Purchased Investments) as of 11:59 p.m. on September 30, 2000 in accordance with generally accepted accounting principles applied on a basis consistent with those used in the preparation of the Seller Balance Sheet, (x) include line items substantially consistent with those in the Seller Balance Sheet, provided that Combined Taxes currently payable and all other Taxes currently payable shall be set forth as separate line items, (y) include a reserve for any liabilities of the Companies for wages, bonuses, incentive compensation or other compensation to be paid in respect of the year ended December 31, 2000 in an amount equal to the amount of such wages, bonuses, incentive compensation or other compensation for which Seller is responsible pursuant to Section 9.01 and (z) account for (as a reduction in stockholders' equity) all Distributions declared but not yet paid by any of the Companies as of 11:59 p.m. on September 30, 2000. "**Closing Stockholder's Equity**" means the combined stockholder's equity of the Companies (and Seller's interest in the Purchased Investments) as shown on the Closing Balance Sheet, excluding (A) all deferred income tax assets or liabilities, (B) any Combined Tax or taxes refundable, (C) the effect of any adjustment to the reserve for any Tax payable to any person or any Taxing Authority other than an adjustment in respect of earnings derived and expenses incurred in the ordinary course of business since

the Seller Balance Sheet Date, (D) the Excluded BTI Assets and the Excluded BTI Liabilities and (E) the effect of any transaction required by Section 2.01(c), to the extent effected after the time as of which the Closing Balance Sheet is created (it being understood that Closing Stockholders Equity shall not be affected by any adjustments required under generally accepted accounting principles or otherwise for Buyer to account for the transactions contemplated hereby). "**Closing Required Minimum Net Regulatory Capital**" means the minimum net capital required to be maintained by SCB New York (as determined in accordance with Rule 15c3-1 of the 1934 Act) as of the close of business on the day prior to the Closing Date as a registered broker-dealer. "**Closing Actual Net Regulatory Capital**" means the amount of net regulatory capital held by SCB New York in satisfaction of its obligation to maintain as a registered broker-dealer a minimum level of net capital (as determined in accordance with Rule 15c3-1 of the 1934 Act) as of the close of business on the day prior to the Closing Date reflected in the Closing Balance Sheet.

(b) Buyer agrees to provide reasonable access to such employees and documents (including workpapers) as Seller reasonably believes is necessary or desirable to calculate on its own the Closing Stockholder's Equity, Closing Required Minimum Net Regulatory Capital, Closing Actual Net Regulatory Capital and Closing Revenue Run Rate. If Seller disagrees with Buyer's calculation of Closing Stockholder's Equity, Closing Required Minimum Net Regulatory Capital, Closing Actual Net Regulatory Capital or Closing Revenue Run Rate delivered pursuant to Section 2.07(a), Seller may, within 20 days after delivery of the documents referred to in Section 2.07(a), deliver a notice to Buyer disagreeing with such calculation and setting forth Seller's calculation of such amount (each, a "**Disputed Amount**"). Any such notice of disagreement shall identify those items or amounts as to which Seller disagrees, and Seller shall be deemed to have agreed with all other items and amounts contained in the Closing Balance Sheet and the calculation of Closing Stockholder's Equity, Closing Required Minimum Net Regulatory Capital, Closing Actual Net Regulatory Capital and Closing Revenue Run Rate delivered pursuant to Section 2.07(a) to the extent not affected by the items or amounts in dispute.

(c) If a notice of disagreement shall be duly delivered pursuant to Section 2.07(b), Buyer and Seller shall, during the 15 days following such delivery, use their best efforts to reach agreement on the disputed items or amounts in order to determine, as may be required, the amount of the Disputed Amount, which amount shall not be less than the amount thereof shown in Buyer's calculations delivered pursuant to Section 2.07(a) nor more than the amount thereof shown in Seller's calculation delivered pursuant to Section 2.07(b). If, during such period, Buyer and Seller are unable to reach such agreement, they shall promptly thereafter cause independent accountants of nationally recognized standing reasonably satisfactory to Buyer and Seller (who has not had and shall not have any material relationship with Buyer or Seller) (the "**Accounting Referee**"), promptly to review this Agreement and the disputed items or amounts for the purpose of calculating the Disputed Amount. In making such calculation, the Accounting Referee shall consider only those items or amounts in the Closing Balance Sheet or Buyer's calculation of the Disputed Amount, as to which Seller has disagreed and items and amounts affected thereby. The Accounting Referee shall deliver to Buyer and Seller, as promptly as practicable, a report setting forth such calculation. Such report shall be final and binding upon Buyer and Seller. The cost of such review and report with respect to Closing Stockholder's Equity, Closing Required Minimum Net Regulatory Capital or Closing Actual Net Regulatory Capital shall be borne (i) by Buyer if the sum of (m) the difference between Final Stockholder's Equity and Buyer's calculation of Closing Stockholder's Equity delivered pursuant to Section 2.07(a), (n) the difference between Final Required Minimum Net Regulatory Capital and Buyer's calculation of Closing Required Minimum Net Regulatory Capital and (o) the difference between Final Actual Net Regulatory Capital and Buyer's calculation of Closing Actual Net Regulatory Capital (the aggregate of the amounts determined in (m), (n) and (o), the "**Buyer Difference**") is greater than the sum of (x) the difference between Final Stockholder's Equity and Seller's calculation of Closing Stockholder's Equity delivered pursuant to Section 2.07(b), (y) the difference between Final Required Minimum Net Regulatory Capital and Seller's calculation of Closing Required Minimum Net Regulatory Capital delivered pursuant to Section 2.07(b) and (z) the difference between Final Actual Net Regulatory Capital and Seller's calculation of Closing Actual Net Regulatory Capital delivered pursuant to Section 2.07(b) (the aggregate of the amounts determined in (x), (y) and (z), the "**Seller Difference**"), (ii) by Seller if the Seller Difference is greater than the Buyer Difference and (iii) otherwise equally by Buyer and Seller. The cost of such review and report with respect to Closing Revenue Run Rate shall be borne (i) by Buyer if the difference between Final Revenue Run Rate and Buyer's calculation of Closing Revenue Run Rate delivered pursuant to 2.07(a) is greater than the difference between Final Revenue Run Rate and Seller's calculation of Closing Revenue Run Rate delivered pursuant to 2.07(b), (ii) by Seller if the first such difference is less than the second such difference and (iii) otherwise equally by Buyer and Seller.

(d) Buyer and Seller agree that they will, and agree to cause their respective independent accountants and each of the Companies to, cooperate and assist in the preparation of the Closing Balance Sheet and the calculation of Closing Stockholder's Equity, Closing Required Minimum Net Regulatory Capital, Closing Actual Net Regulatory Capital or Closing Revenue Run Rate, as the case may be, and in the conduct of the audits and reviews referred to in this Section 2.07, including without limitation, the making available to the extent necessary of books, records, work papers and personnel.

SECTION 2.08. *Balance Sheet Purchase Price Adjustments*. (a) The Cash Purchase Price shall be adjusted cumulatively as follows (such adjusted Cash Purchase Price, the "**Adjusted Cash Purchase Price**"):

(i) If Final Required Minimum Net Regulatory Capital exceeds Final Actual Net Regulatory Capital, the Cash Purchase Price shall be decreased by the amount of such excess. "**Final Required Minimum Net Regulatory Capital**" means the Closing Required Minimum Net Regulatory Capital (A) as shown in Buyer's calculation delivered pursuant to Section 2.07(a), if no notice of disagreement with respect thereto is duly delivered pursuant to Section 2.07(b); or (B) if such a notice of disagreement is delivered, (1) as agreed by Buyer and Seller pursuant to Section 2.07(c) or (2) in the absence of such agreement, as shown in the Accounting Referee's calculation delivered pursuant to Section 2.07(c); *provided* that in no event shall Final Required Minimum Net Regulatory Capital be more than Buyer's calculation of Closing Required Minimum Net Regulatory Capital delivered pursuant to Section 2.07(a) or less than Seller's calculation of Closing Required Minimum Net Regulatory Capital delivered pursuant to Section 2.07(b). "**Final Actual Net Regulatory Capital**" means the Closing Actual Net Regulatory Capital (A) as shown in Buyer's calculation delivered pursuant to Section 2.07(a), if no notice of disagreement with respect thereto is duly delivered pursuant to Section 2.07(b); or (B) if such a notice of disagreement is delivered, (1) as agreed by Buyer and Seller pursuant to Section 2.07(c) or (2) in the absence of such agreement, as shown in the Accounting Referee's calculation delivered pursuant to Section 2.07(c); *provided* that in no event shall Final Actual Net Regulatory Capital be less than Buyer's calculation of Closing Actual Net Regulatory Capital delivered pursuant to Section 2.07(a) or more than Seller's calculation of Closing Actual Net Regulatory Capital delivered pursuant to Section 2.07(b).

(ii) If Base Stockholder's Equity exceeds Final Stockholder's Equity by more than the amount of any adjustment in the Cash Purchase Price pursuant to clause (i), the Cash Purchase Price shall be decreased by the amount by which the difference between Base Stockholder's Equity and Final Stockholder's Equity exceeds the adjustments in the Cash Purchase Price set forth in clause (i). If Final Stockholder's Equity exceeds Base Stockholder's Equity, the Cash Purchase Price shall be increased by the amount of such excess. "**Base Stockholder's Equity**" means $160,144,384. "**Final Stockholder's Equity**" means the Closing Stockholder's Equity (A) as shown in Buyer's calculation delivered pursuant to Section 2.07(a), if no notice of disagreement with respect thereto is duly delivered pursuant to Section 2.07(b); or (B) if such a notice of disagreement is delivered, (1) as agreed by Buyer and Seller pursuant to Section 2.07(c) or (2) in the absence of such agreement, as shown in the Accounting Referee's calculation delivered pursuant to Section 2.07(c); *provided* that in no event shall Final Stockholder's Equity be less than Buyer's calculation of Closing Stockholder's Equity delivered pursuant to Section 2.07(a) or more than Seller's calculation of Closing Stockholder's Equity delivered pursuant to Section 2.07(b).

SECTION 2.09. *Revenue Run Rate Purchase Price Adjustment*. (a) If the Final Revenue Run Rate is less than .90 *times* the Base Revenue Run Rate (the "**Adjusted Base Revenue Run Rate**"), then (i) the Cash Purchase Price shall be reduced by an amount equal to the product of the Short Fall Multiplier *times* the Cash Purchase Price (the "**Cash Revenue Run Rate Adjustment**") and (ii) the Units Purchase Price shall be reduced by an amount

equal to the product of the Short Fall Multiplier *times* the Units Purchase Price, rounded to the next lowest whole number (the "**Units Revenue Run Rate Adjustment**").

(b) For the purposes of this Agreement, the following terms have the following meanings:

"**Base Revenue Run Rate**" means the sum of the Theoretical Annual Revenue for each of the Institutional-Equity Pool, Institutional-Fixed Income Pool, House Pool, Private Clients Pool and Stanley Bogen Pool, as set forth in Section 3.23(e) of the Disclosure Letter.

"**Closing Assets Under Management**" means, with respect to the House Pool, the Institutional-Equity Pool, the Institutional-Fixed Income Pool, the Private Clients Pool or the Stanley Bogen Pool (each, a "**Pool**"), the fair market value of assets under management by SCB New York with respect to such Pool as of May 31, 2000, adjusted as follows:

(i) *increased* by the fair market value of cash and securities deposited into any new or existing account in such Pool, such fair market value to be determined as of the date of deposit,

(ii) *decreased* by (A) the fair market value of cash and securities withdrawn (excluding cash withdrawn as a regular payment of income to clients pursuant to written instructions) from any account in such Pool, such fair market value to be determined as of the date of withdrawal; (B) the fair market value as of May 31, 2000 of accounts in such Pool (*plus* the fair market value of any assets deposited in such accounts since May 31, 2000 pursuant to clause (i) above) that close; *provided* that the fair market value of withdrawals shall not exceed the May 31, 2000 assets under management in such account plus any additions; *provided further* that no reduction in respect of any account shall be made in respect of such account pursuant to clause (A) if an adjustment in respect of such account has been made pursuant to clause (B);

(iii) *decreased* by, without duplication, (A) the fair market value as of May 31, 2000 of any account in such Pool (*plus* the fair market value of any assets deposited in such accounts since May 31, 2000 pursuant to clause (i) above) with respect to which SCB New York has received a written refusal to consent to the transactions contemplated hereby, (B) the fair market value of any assets under management in any account in such Pool with respect to which SCB New York has received no later than the last Business Day prior to the Closing Date a written notice of an intention to withdraw such assets (which notice has not been withdrawn), such fair market value to be determined as of the close of business on the last Business Day prior to the Closing Date and (C) the fair market value as of May 31, 2000 of any account in such Pool (*plus* the fair market value of any assets deposited in such accounts since May 31, 2000 pursuant to clause (i) above) with respect to which an Affirmative Consent has not been granted (or has been received and revoked) as of the Closing Date, other than an account with respect to which, as of the Closing Date, SCB New York (1) in respect of which a Negative Consent is in effect, (2) has received payment on the first bill sent following June 20, 2000 in respect of such account, or, in the case of an account with respect to which SCB New York has historically received late payments, payment on such bill has not been delayed for a period of time that is longer than ordinary in light of historical experience and (3) has not received an indication of an intention to terminate any Investment Contract;

(iv) *increased* by the fair market value of any assets for management with respect to which approval to deposit assets has been received from the investment committee or a similar body of an institutional client or prospective institutional client, which indication is verified by Buyer in conjunction with Seller, and not withdrawn no later than the last Business Day prior to the Closing Date; and

(v) *increased* and *decreased*, as applicable, by the fair market value of any assets under management in any account in such Pool in order to give effect to any written instructions to reallocate such assets as between such Pools, such fair market value to be determined as of the close of business on the last Business Day prior to the Closing Date, determined, in the case of clauses (i) and (ii), by reference to the period from May 31, 2000 through the close of business on the last Business Day prior to the Closing Date; *provided* that no reduction shall be made pursuant to clause (iii) if an equivalent adjustment has been made pursuant to clause (ii).

"**Closing Revenue Run Rate**" means the sum of (1) the Closing Assets Under Management of the House Pool *times* the Second Quarter Base Fee Realization rate for the House Pool, as set forth on Section 3.23(e) of the Disclosure Letter, (2) the Closing Assets Under Management of the Institutional-Equity Pool *times* the Second Quarter Base Fee Realization rate for the Institutional-Equity Pool as set forth on Section 3.23(e) of the Disclosure Letter, (3) the Closing Assets Under Management of the Institutional-Fixed Income Pool *times* the Second Quarter Base Fee Realization rate for the Institutional-Fixed Income Pool as set forth on Section 3.23(e) of the Disclosure Letter, (4) the Closing Assets Under Management of the Stanley Bogen Pool *times* the Second Quarter Base Fee Realization rate for the Stanley Bogen Pool as set forth on Section 3.23(e) of the Disclosure Letter and (5) the Closing Assets Under Management of the Private Clients Pool *times* the Second Quarter Base Fee Realization rate for the Private Clients Pool as set forth on Section 3.23(e) of the Disclosure Letter.

"**Final Revenue Run Rate**" means the Closing Revenue Run Rate (A) as shown in Buyer's calculation delivered pursuant to 2.07(a) if no notice of disagreement with respect thereto is duly delivered pursuant to Section 2.07(b); or (B) if such a notice of disagreement is delivered, (1) as agreed by Buyer and Seller pursuant to Section 2.07(c) or (2) in the absence of such agreement, as shown in the independent accountant's calculation delivered pursuant to Section 2.07(c); *provided* that in no event shall Final Revenue Run Rate be less than Buyer's calculation of Closing Revenue Run Rate delivered pursuant to Section 2.07(a) or more than Seller's calculation of Closing Revenue Run Rate delivered pursuant to Section 2.07(b).

"**House Pool**" means the assets under management in managed accounts not included in the Private Client Pool, Stanley Bogen Pool, Institutional-Equity Pool and Institutional-Fixed Income Pool.

"**Institutional-Equity Pool**" means the assets under management in all managed accounts serviced by an institutional asset adviser employed by the Companies and subject to (with the exception of employee accounts of the Companies) an equity, balanced or global balanced fee schedule.

"**Institutional-Fixed Income Pool**" means the assets under management in all managed accounts serviced by an institutional asset adviser employed by the Companies and subject to a fixed income fee schedule.

"**Private Clients Pool**" means the assets under management in all managed accounts serviced by a financial adviser employed by the Companies.

"**Short Fall Multiplier**" means the product of .75 *times* a fraction the numerator of which shall be the difference between the Adjusted Base Revenue Run Rate and the Final Revenue Run Rate and the denominator of which shall be the Base Revenue Run Rate, *provided* that if such product is greater than .15, then the Short Fall Multiplier shall be deemed to be .15.

"**Stanley Bogen Pool**" means the assets under management in all managed accounts serviced by Stanley Bogen.

SECTION 2.10. *Payment of Purchase Price Adjustments*.

(a) If (m) the Adjusted Cash Purchase Price minus the Cash Revenue Run Rate Adjustment exceeds (n) the Estimated Cash Purchase Price, Buyer shall pay to Seller, as an adjustment to the Cash Purchase Price, in the manner and with interest as provided in Section 2.10(b), the amount of such excess *plus* one day's interest (calculated on the basis of a year of 365 days) on the amount of such excess based on the Buyer Interest Rate. If (x) the Estimated Cash Purchase Price exceeds (y) the Adjusted Cash Purchase Price minus the Cash Revenue Run Rate Adjustment, Seller shall pay to Buyer, as an adjustment to the Cash Purchase Price, in the manner and with interest as provided in Section 2.10(b), the amount of such excess *plus* one day's interest (calculated on the basis of a year of 365 days) on the amount of such excess based on the Buyer Interest Rate.

(b) Any payment pursuant to Section 2.10(a) shall be made at a mutually convenient time and place within 10 days after the Final Stockholder's Equity, Final Required Minimum Net Regulatory Capital, Final Actual Net Regulatory Capital and Final Revenue Run Rate have been determined, by delivery by Buyer or Seller, as the case may be, of a certified or official bank check payable in immediately available funds to the other party or by causing such payments to be credited to such account of such other party as may be designated by such other party. The amount of any payment to be made pursuant to Section 2.10(a) shall bear interest from and including the Closing Date to, but excluding, the date of payment at a rate per annum equal to the daily average of the federal funds rate *plus* fifty basis points in effect from time to time during the period from the Closing Date to the date of payment as reported in Federal Reserve Report H 15. Such interest shall be payable at the same time as the payment to which it relates and shall be calculated daily on the basis of a year of 365 days and the actual number of days elapsed.

(c) At a mutually convenient time and place within 10 days after the Final Revenue Run Rate has been determined,

(i) if the Units Revenue Run Rate Adjustment exceeds the Estimated Units Revenue Run Rate Adjustment, Seller shall deliver to Buyer (A) certificates representing a number of Buyer Units equal to the amount of such excess (the "**Returned Units**") and (B) payment, in the manner and with interest as provided in Section 2.10(b), in an amount equal to the aggregate amount of distributions received by Seller from Buyer in respect of the Returned Units; and

(ii) if the Estimated Units Revenue Run Rate Adjustment exceeds the Unit Revenue Run Rate Adjustment, Buyer shall deliver to Seller (A) certificates representing a number of Buyer Units equal to the amount of such excess (the "**Additional Units**") and (B) payment, in the manner and with interest as provided in Section 2.10(b), in an amount equal to the aggregate amount of distributions that Seller would have received from Buyer in respect of the Additional Units during the period from the Closing Date to and including the date of delivery to the Seller of the Additional Units had Seller received the Additional Units on the Closing Date. For all Tax purposes, any such distributions shall be treated as an adjustment to the Purchase Price, except to the extent required to be treated as interest for Tax purposes.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that:

SECTION 3.01. *Corporate Existence and Power*. (a) (i) As of June 20, 2000, Seller and each of the Companies is and (ii) as of the Closing Date, each of Seller, BTI, SCB United Kingdom and SCB Australia will be a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and as of June 20, 2000 has, and as of the Closing Date will have, all corporate powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as conducted on June 20, 2000 and the Closing Date, respectively, except for any such licenses, authorizations, permits, consents and approvals the absence of which does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Seller and the Companies, taken as a whole.

(b) (i) As of June 20, 2000, each of the Companies is and (ii) as of the Closing Date, each of BTI, SCB United Kingdom and SCB Australia will be duly qualified, as of June 20, 2000 has, and as of the Closing Date will have, the legal right and full power to do business as a foreign corporation and as of June 20, 2000 is, and as of the Closing Date will be, in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Seller and the Companies, taken as a whole.

(c) Seller has heretofore delivered to Buyer true and complete copies of the certificate of incorporation, certificate of formation, bylaws, limited liability company agreement, stockholders agreements, voting agreements (or equivalent documents) of Seller and each of the Companies as currently in effect.

(d) As of the Closing Date following the Merger, BD LLC will be (i) a limited liability company duly organized under the Delaware Limited Liability Company Act, as amended, validly existing and in good standing under the laws of Delaware and will have all limited liability company powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business and the broker-dealer business of SCB New York as now conducted and as will be conducted by BD LLC on the Closing Date, except for any such governmental licenses, authorizations, permits, consents and approvals the absence of which does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Seller and the Companies, taken as a whole, and (ii) in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Seller and the Companies, taken as a whole.

(e) As of the Closing Date, ADV LLC will be (i) a limited liability company duly organized under the Delaware Limited Liability Company Act, as amended, validly existing and in good standing under the laws of Delaware and will have all limited liability company powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business and the investment advisory business of SCB New York as now conducted and as will be conducted by ADV LLC on the Closing Date, except for any such governmental licenses, authorizations, permits, consents and approvals the absence of which does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Seller and the Companies, taken as a whole, and (ii) in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Seller and the Companies, taken as a whole.

SECTION 3.02. *Corporate Authorization*. The execution, delivery and performance by Seller of this Agreement and the other Seller Transaction Agreements and the consummation of the transactions contemplated hereby and thereby are within Seller's corporate powers and, except for any required approval by Seller's stockholders, have been duly authorized by all necessary corporate action on the part of Seller. This Agreement constitutes, and each of the other Seller Transaction Agreements when executed will constitute, a valid and binding agreement of Seller.

SECTION 3.03. *Governmental Authorization*. The execution, delivery and performance by Seller of this Agreement and the other Seller Transaction Agreements, the consummation of the transactions contemplated hereby and thereby and the continuance following the Closing Date of the businesses of the Companies as conducted as of the Closing Date require (a) no action by or in respect of, or filing with, any governmental body, agency or official or self-regulatory organization other than compliance with any applicable requirements of (i) the HSR Act and the Antitrust Laws of any applicable

foreign jurisdiction and the agencies and bodies responsible therefor; (ii) the Commodity Futures Act of Canada; (iii) the Securities Act of Ontario, Canada; (iv) the Investment Canada Act; (v) the Commodity Futures Act of Ontario, Canada; (vi) the Securities Act Alberta, Canada; (vii) the Securities Act Manitoba, Canada; (viii) the Securities Act of British Columbia, Canada; (ix) the Securities Act of New Brunswick, Canada; (x) the Securities Act of Newfoundland, Canada; (xi) the Licensing Act of Prince Edward Island; (xii) the Corporations Law of Australia (Australian Securities and Investment Commission); (xiii) the Australian Trade Practices Act 1974; (xiv) the United Kingdom's Financial Services Act 1986; (xv) the U.S. Commodity Exchange Act; (xvi) the National Association of Securities Dealers; (xvii) state securities regulations; (xviii) the New York Stock Exchange; (xix) the American Stock Exchange; (xx) the Boston Stock Exchange; (xxi) the Chicago Stock Exchange; (xxii) the Pacific Stock Exchange; (xxiii) the National Futures Association; (xxiv) the Municipal Securities Rule Making Board; (xxv) the Securities Investor Protection Corporation; (xxvi) the National Securities Clearing Corporation; (xxvii) the Depository Trust Company; (xxviii) the Options Clearing Corporation; (xxix) the 1934 Act; (xxx) the Commodity Futures Trading Commission; (xxxi) the Investment Company Act; (xxxii) the Investment Advisers Act, (xxxiii) the New York Business Corporations Law and any applicable filings thereunder; and the Delaware General Corporation Law and any applicable filings thereunder; and (b) no other action by or in respect of or filing with any other governmental body, agency or official as to which the failure to take, make or obtain has or has a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Seller and the Companies, taken as a whole.

SECTION 3.04. *Noncontravention*. Except as set forth in Section 3.04 of the Disclosure Letter, the execution, delivery and performance by Seller of this Agreement and the other Seller Transaction Agreements and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate the certificate of incorporation, certificate of formation, bylaws or limited liability company agreement of Seller or any of the Companies, (ii) assuming compliance with the matters referred to in Section 3.03, violate any applicable law, rule, regulation, judgment, injunction, order or decree, (iii) require any consent or other action (except for any consents in respect of Client Contracts) by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Seller or any of the Companies or to a loss of any benefit to which Seller or any of the Companies is entitled under any provision of any agreement or other instrument binding upon Seller or any of the Companies or by which any of the BTI Purchased Assets is or may be bound or (iv) result in the creation or imposition of any Lien on any asset of any of the Companies, other than Permitted Liens, except, in the cases of clauses (ii), (iii) and (iv), for any such violations, consents, actions, defaults, rights or losses that do not have or do not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Seller and the Companies, taken as a whole.

SECTION 3.05. *Capitalization*. (a) The authorized capital stock of Seller consists of 500,000 shares of Common Stock. As of June 20, 2000, there are outstanding 99,400 shares of Common Stock of Seller.

(b) The authorized share capital of SCB United Kingdom consists of 1,000 ordinary shares of Common Stock. As of June 20, 2000, there are outstanding 10 ordinary shares of Common Stock of SCB United Kingdom.

(c) The authorized capital stock of SCB Australia consists of 1,000,000 shares of Common Stock. As of June 20, 2000, there are outstanding 100,003 shares of Common Stock of SCB Australia.

(d) The authorized capital stock of BTI consists of 1,000 shares of Common Stock. As of June 20, 2000, there are outstanding 1,000 shares of Common Stock of BTI.

(e) As of June 20, 2000, the authorized capital stock of SCB New York consists of 500,000 shares of Common Stock and there are outstanding 99,350 shares of Common Stock of SCB New York.

(f) All outstanding shares of capital stock of Seller, BTI, SCB United Kingdom, SCB Australia, and, as of June 20, 2000, SCB New York have been duly authorized and validly issued and are fully paid and non–assessable. Except as set forth in this Section 3.05, there are no outstanding (i) shares of capital stock or voting securities of Seller, BTI, SCB United Kingdom, SCB Australia or, as of June 20, 2000, SCB New York, (ii) securities of Seller, BTI, SCB United Kingdom, SCB Australia or SCB New York convertible into or exchangeable for shares of capital stock, voting securities or Equity of such Seller or Company, as the case may be, and (iii) options or other rights to acquire from Seller, BTI, SCB United Kingdom, SCB Australia or SCB New York, or other obligation of Seller, BTI, SCB United Kingdom, SCB Australia or SCB New York to issue, any capital stock, voting securities, Equity or securities convertible into or exchangeable for capital stock, voting securities or Equity of such Seller or Company, as the case may be (the items in clauses 3.05(f)(i), 3.05(f)(ii) and 3.05(f)(iii) being referred to collectively as the "**SCB Securities**"). Except as set forth in Seller's Shareholders' Agreement dated as of November 23, 1998, there are no outstanding obligations of the Seller or any of the Companies to repurchase, redeem or otherwise acquire any SCB Securities.

SECTION 3.06. *Ownership of Equity*. Seller is the record, legal and beneficial owner of (a) the Equity and (b) the Purchased Investments, in each case free and clear of any Lien. As of the Closing Date, Seller will be the record, legal and beneficial owner of all of the outstanding capital stock of SCB Partners, free and clear of any Lien.

SECTION 3.07. *Excluded Assets; Subsidiaries*. (a) The Seller does not own any assets other than the Equity, the Purchased Investments and cash and cash equivalents, has not carried on any other business or activities other than acting as a holding company for the Companies and, on and following the date of its organization, SCB Partners and has no employees.

(b) Except as set forth in Section 3.07(b) of the Disclosure Letter, none of the Companies has any Subsidiaries or equity investments in other Persons, other than investments in investment products of the Companies and cash equivalents.

(c) As of Closing, SCB Partners does not own any assets other than the Equity, the Purchased Investments and cash and cash equivalents, has not carried on any other business or activities other than acting as a holding company for the Companies and has no employees.

(d) As of Closing, ADV LLC does not own any assets other than the Designated ADV LLC Transferred Assets, does not have any liabilities other than the Designated ADV LLC Assumed Liabilities, and, prior to the Closing Date, has not carried on any business or activities and has had no employees.

SECTION 3.08. *Financial Statements*. (a) The audited consolidated balance sheets as of December 31, 1999, 1998 and 1997 and the related audited consolidated statements of income and cash flows for each of the years ended December 31, 1999 and 1997 and for the 10 months ended December 31, 1998 (the "**Audited Financial Statements**") and the unaudited interim consolidated balance sheet as of May 31, 2000 and the related unaudited interim consolidated statements of income and cash flows for the five month period ended May 31, 2000 of the Seller and the Companies, set forth in Section 3.08(a) of the Disclosure Letter, fairly present in all material respects, in conformity with generally accepted accounting principles applied on a consistent basis (except as may be indicated in the notes thereto, it being understood that the unaudited interim financial statements do not contain footnotes), the consolidated financial position of the Seller and the Companies as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (subject to normal year-end adjustments in the case of any unaudited interim financial statements).

(b) (i) The unaudited consolidating balance sheets of Seller (including Seller's interest in the Purchased Investments) and the Companies as of December 31, 1999 and 1998 and the related unaudited consolidating statements of income and cash flows for the year ended December 31, 1999 and the 10 months ended December 31, 1998 and the unaudited interim consolidating balance sheet as of May 31, 2000 and the related interim consolidating statements of income and cash flows for the five month period ended May 31, 2000, as set forth in Section 3.08(b)(i) of the Disclosure Letter, are prepared on a basis

consistent with that used in the preparation of the related Audited Financial Statements and fairly present in all material respects (but without any footnote disclosures required under generally accepted accounting principles) the financial position of Seller (including Seller's interest in the Purchased Investments) and the Seller and the Companies as of the dates thereof and their results of operations and cash flows for such periods and (ii) the unaudited combined pro forma balance sheet of the Companies (and Seller's interest in the Purchased Investments) as of December 31, 1999 and the unaudited interim pro forma combined balance sheet as of May 31, 2000, as set forth in Section 3.08(b)(ii) of the Disclosure Letter, are prepared on a basis consistent with that used in the preparation of the Audited Financial Statements and fairly present in all material respects the combined financial position of the Companies (and Seller's interest in the Purchased Investments) as of the dates thereof.

SECTION 3.09. *Absence of Certain Changes*. Except as set forth in Section 3.09 of the Disclosure Letter, (i) since the Seller Balance Sheet Date, the business of the Companies has been conducted in the ordinary course consistent with past practices) and (ii) there has not been:

(a) any event, occurrence, development or state of circumstances or facts which, individually or in the aggregate, has had or has a significant risk of having a Material Adverse Effect on the Companies, taken as a whole;

(b) except as provided in Section 2.01, any amendment of any material term of any outstanding security or membership interest of any of the Companies;

(c) any incurrence, assumption or guarantee by any of the Companies of any indebtedness for borrowed money other than indebtedness that can be prepaid without penalty;

(d) any making of any loan, advance or capital contributions to or investment in any Person, other than the Companies, margin indebtedness, employee loans entered into in the ordinary course of business consistent with past practices and investments in investment products of the Companies;

(e) any damage, destruction or other casualty loss (whether or not covered by insurance) affecting the business or assets of any of the Companies which, individually or in the aggregate, has had or has a significant risk of having a Material Adverse Effect on the Companies, taken as a whole;

(f) any transaction or commitment made, or any contract or agreement entered into, by any of the Companies relating to its assets or business (including the acquisition or disposition of any assets) or any relinquishment by any of the Companies of any contract or other right, in either case, material to the Companies, taken as a whole, other than contracts, agreements, relinquishments, transactions and commitments in the ordinary course of business consistent with past practices and those contemplated by this Agreement or entered into with the consent of Buyer, which consent shall not be unreasonably withheld;

(g) any change in any method of accounting or accounting practice by any of the Companies except for any such change after June 20, 2000 required by reason of a concurrent change in generally accepted accounting principles;

(h) except with the consent of Buyer, which consent will not be unreasonably withheld, (i) any employment (other than at-will employment agreements), consulting, deferred compensation, incentive compensation, bonus, commission, severance, retirement or other similar agreement (other than as such agreements relate to at-will employment agreements), plan or written policy entered into with or for the benefit of any director or officer or, other than in the ordinary course consistent with past practice, any employee of any of the Companies (or any amendment to any such existing agreement), (ii) other than in the ordinary course consistent with past practice, any grant of any severance or termination pay to any director, officer or employee of any of the Companies, or (iii) other than in the ordinary course of business consistent with past practices, any change in compensation or other benefits payable to any director, officer or employee of any of the Companies pursuant to any severance or retirement plans or policies thereof;

(i) any change in pricing policy with respect to the provision of services (including brokerage services) to the Registered Fund or any Non-Fund Client or prospective Non-Fund Client (including any participant or prospective participant in the Registered Fund); or

(j) in the case of the Registered Fund, any action taken by the Board of Directors of the Registered Fund other than in the ordinary course of business consistent with past practices or as contemplated by or in connection with this Agreement.

SECTION 3.10. *No Undisclosed Material Liabilities*. There are no liabilities of any of the Companies of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than:

(a) liabilities provided for in the Seller Balance Sheet or disclosed in the notes thereto;

(b) liabilities disclosed in Section 3.10 of the Disclosure Letter;

(c) liabilities to or on behalf of customers arising and continuing in the ordinary course of business consistent with past practices; and

(d) other undisclosed liabilities which, individually or in the aggregate, do not have or do not have a significant risk of having a Material Adverse Effect on the Companies, taken as a whole.

SECTION 3.11. *Intercompany Accounts*. Section 3.11 of the Disclosure Letter contains a complete statement of all intercompany balances as of the Seller Balance Sheet Date between Seller and its Affiliates, on the one hand, and the Companies, on the other hand, except for intercompany balances created in the ordinary course of business consistent with past practices. Since the Seller Balance Sheet Date there has not been any accrual of liability by any of the Companies, on the one hand, to Seller or any of its Affiliates, on the other hand, or other transaction between any of the Companies, on the one hand, and Seller and any of its Affiliates, on the other hand, except in the ordinary course of business of the Companies consistent with past practice or as provided in Section 3.11 of the Disclosure Letter.

SECTION 3.12. *Material Contracts*. (a) Except as disclosed in Section 3.12 of the Disclosure Letter or except as hereafter entered into with the consent of the Buyer, which consent shall not be unreasonably withheld, none of the Companies is a party to or bound by:

(i) any lease for real property;

(ii) any lease for personal property providing for annual rentals of $100,000 or more;

(iii) any sales, distribution (other than in connection with the Registered Fund), advisory, securities lending, syndicate, financial planning or other similar agreement providing for the provision by any of the Companies of Investment Management Services, advisory services, securities lending transactions, financial planning services, distribution services or brokerage or underwriting services, in each case, not entered into in the ordinary course of business;

(iv) any partnership, joint venture or other similar agreement or arrangement or any agreements related to the Purchased Investments, other than those agreements pursuant to which any of the Companies is an investment adviser;

(v) any agreement relating to the acquisition or disposition of any business (whether by merger, sale of stock, sale of assets or otherwise);

(vi) other than in relation to the stock lending business of the Companies or customer margin indebtedness in the ordinary course consistent with past practices, any agreement relating to indebtedness for borrowed money or the deferred purchase price of property (in either case, whether incurred, assumed, guaranteed or secured by any asset) requiring payments by any of the Companies in excess of $1 million, except any such agreement entered into subsequent to the date of this Agreement as permitted by Section 3.09(c);

(vii) any option, license (other than intellectual property licenses and inter-company licenses) or similar agreement providing for payments in excess of $1 million;

(viii) any agency, dealer, sales representative, marketing or other similar agreement not entered into in the ordinary course of business;

(ix) any agreement that limits the freedom of any of the Companies to compete in any line of business with any Person or in any area or which would so limit the freedom of any of the Companies after the Closing Date;

(x) any agreement that will constitute an obligation of the Companies following Closing and that is with (A) Seller or any of its Affiliates, (B) any Person directly or indirectly owning, controlling or holding with power to vote, 5% or more of the outstanding voting securities of Seller or any of its Affiliates, (C) any Person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held, (other than any Person whose voting securities are held in client accounts), with power to vote by Seller or any of its Affiliates, other than Client Contracts or (D) any director, partner, trustee or officer of Seller or any of its Affiliates or any "associates" or members of the "immediate family" of any such director, partner, trustee or officer of Seller or any of its Affiliates (as such terms are respectively defined in Rule 12b-2 and Rule 16a-1 of the 1934 Act) of any such director or officer;

(xi) any agreement with any director or officer of any of the Companies or with any "associate" or any member of the "immediate family" (as such terms are respectively defined in Rules 12b-2 and 16a-1 of the 1934 Act) of any such director or officer; or

(xii) any other agreement, commitment, arrangement or plan not made in the ordinary course of business that is material to the Companies, taken as a whole.

(b) (i) Each agreement, contract, plan, lease, arrangement or commitment disclosed in the Disclosure Letter to this Agreement or required to be disclosed pursuant to this Section not terminable by either party on notice of 90 days or less is a valid and binding agreement of such Company party to such agreement, contract, plan, lease arrangement or commitment and is in full force and effect, except for any agreements, contracts, plans, leases, arrangements and commitments, the failure of which to be valid and binding does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole, and (ii) none of the Companies, or, to the knowledge of Seller, any other party thereto is in default or breach in any respect under the terms of any such agreement, contract, plan, lease, arrangement or commitment, and, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute any event of default thereunder, except for any such default or breach which, individually or in the aggregate, does not have or does not have a significant risk of having a Material Adverse Effect on the Companies, taken as a whole. True and complete copies of each such agreement, contract, plan, lease, arrangement or commitment have been made available to Buyer.

SECTION 3.13. *Litigation; Investigation*. (a) As of June 20, 2000, there is not now and there has not been since November 1, 1998 any action, suit, investigation or proceeding (or, to the knowledge of Seller, any basis therefor) pending against or, to the knowledge of Seller, threatened against or affecting, Seller or any of the Companies or any of their respective properties before, brought by, or threatened by, any court, arbitrator, governmental body, agency, official or self-regulatory organization which, if determined or resolved adversely in accordance with the plaintiff's demands, has or has a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole.

(b) As of the Closing Date, there is not and there has not been since November 1, 1998 any action, suit, investigation or proceeding (or, to the knowledge of Seller, any basis therefor) pending against or, to the knowledge of Seller, threatened against or affecting, Seller or any of the Companies or any of their respective properties before, brought by, or threatened by, any court, arbitrator, governmental body, agency, official or self-regulatory organization which has or has a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole.

SECTION 3.14. *Compliance with Laws and Court Orders*. Except as disclosed in Seller's Form ADV dated March 29, 2000, none of the Companies is in violation of, and has not since January 1, 1998 violated, and is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any applicable law, rule, regulation, judgment, injunction, order, decree or rule of any self-regulatory organization, except for violations that, individually or in the aggregate, do not have or do not have a significant risk of having a Material Adverse Effect on the Companies, taken as a whole.

SECTION 3.15. *Properties*. (a) None of the Companies owns any real property. The Companies have valid title to all of the property and assets (whether personal, tangible or intangible) reflected on the Seller Balance Sheet or acquired after the Seller Balance Sheet Date, except for properties and assets sold since the Seller Balance Sheet Date in the ordinary course of business consistent with past practices. None of such property or assets is subject to any Lien, except:

(i) Liens disclosed on the Seller Balance Sheet or the footnotes thereto;

(ii) Liens for taxes not yet due or being contested in good faith (and for which adequate accruals or reserves have been established on the Seller Balance Sheet); or

(iii) Liens which, individually or in the aggregate, do not have or do not have a significant risk of having a Material Adverse Effect on the Companies, taken as a whole (clauses (i)-(iii) of this Section are, collectively, the "**Permitted Liens**").

(b) The property and assets, including the BTI Purchased Assets and the Designated ADV LLC Transferred Assets, owned or leased by the Companies, or which the Companies otherwise have the right to use, constitute all of the property and assets used or held for use in connection with the businesses of any of the Companies and are adequate to conduct such businesses as currently conducted and as planned by the Companies to be conducted.

(c) Upon consummation of the transactions contemplated hereby, Buyer will have acquired valid title in and to, or a valid leasehold interest in, each of the BTI Purchased Assets, free and clear of all Liens, except for Permitted Liens.

SECTION 3.16. *Intellectual Property*. (a) Section 3.16(a) of the Disclosure Letter contains a true and complete list of (i) each patent, registered trademark or registered service mark owned by Seller or any of the Companies and (ii) each Licensed Intellectual Property Right (excluding software that may be purchased over-the-counter) pursuant to which either the Seller or any of the Companies is required to make payments in excess of $500,000 per year, specifying as to each such Intellectual Property Right, as applicable, (i) the nature of such Intellectual Property Right, (ii) with respect to patents, registered trademarks, and registered service marks comprising Owned Intellectual Property Rights, the owner of such Intellectual Property Right, (iii) with respect to patents, registered trademarks, and registered service marks comprising Owned Intellectual Property Rights, the jurisdictions by or in which such Intellectual Property Right (A) is recognized (without regard to registration) or (B) has been issued or registered or in which an application for such issuance or registration has been filed, (iv) with respect to patents, registered trademarks, and registered service marks comprising Owned Intellectual Property Rights, the registration or application numbers thereof, and (v) all agreements related to Owned Intellectual Property Rights.

(b) The Companies own or license all Intellectual Property Rights necessary to, or used or held for use in, the conduct of the business of the Companies as currently conducted and as proposed by any of the Companies to be conducted. There exist no restrictions on the disclosure, use or transfer of the Owned Intellectual Property Rights. The consummation of the transactions contemplated by this Agreement will not alter, impair or extinguish any Owned Intellectual Property Right or, except as set forth in Section 3.16(b) of the Disclosure Letter, any Licensed Intellectual Property Rights acquired at a cost of $100,000 or more or that would cost more than $200,000 to replace.

(c) None of Seller or any of the Companies has given an indemnity in connection with any Intellectual Property Right to any Person other than customary indemnities in connection with any Licensed Intellectual Property Right.

(d) None of the Companies has infringed, misappropriated or otherwise violated any Intellectual Property Right of any third person, except for any such infringements, misappropriations or other violations that do not have or do not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole. There is no claim, action, suit, investigation or proceeding pending against, or, to the knowledge of Seller, threatened against or affecting, any of the Companies, any present or former officer, director or employee of any of the Companies (i) based upon, or challenging or seeking to deny or restrict, the rights of any of the Companies in any of the Owned Intellectual Property Rights and the Licensed Intellectual Property Rights, (ii) alleging that the use of the Owned Intellectual Property Rights or the Licensed Intellectual Property Rights or any services provided by any of the Companies do or may conflict with, misappropriate, infringe or otherwise violate any Intellectual Property Right of any third party or (iii) alleging that any of the Companies have infringed, misappropriated or otherwise violated any Intellectual Property Right of any third party, except in the case of clauses (i), (ii) or (iii) to the extent that such claims, actions, suits, investigations or proceedings, individually or in the aggregate, do not have or do not have a significant risk of having a Material Adverse Effect on the Seller and the Companies, taken as a whole.

SECTION 3.17. *Insurance Coverage*. Seller has furnished to Buyer a list of, and true and complete copies of, all insurance policies and fidelity bonds relating to the assets, business, operations, employees, officers or directors of the Seller or any Company requiring annual premium payments in excess of $50,000. Except as set forth in Section 3.17 of the Disclosure Letter, there is no claim by or on behalf of any of the Companies in excess of $500,000 pending under any of such policies or bonds as to which coverage has been questioned, denied or disputed by the underwriters of such policies or bonds or in respect of which such underwriters have reserved their rights. All premiums due and payable under all such policies and bonds have been timely paid and the Seller and the Companies have otherwise substantially complied with the terms and conditions of all such policies and bonds in all respects, except where the failure to so comply, individually or in the aggregate, does not have or does not have a significant risk of having a Material Adverse Effect on the Seller and the Companies, taken as a whole. Such policies of insurance and bonds (or other policies and bonds providing substantially similar insurance coverage) are in full force and effect. Since January 1, 1997, Sellers and the Companies have maintained policies and bonds of the type and in amounts as are required by applicable law and otherwise as management of the Seller reasonably believes is prudent. Seller does not know of any threatened termination of, premium increase with respect to, or alteration of coverage under, any of such policies or bonds, except for such terminations, increases and alterations that, individually or in the aggregate, do not have or do not have a significant risk of having a Material Adverse Effect on the Seller and the Companies, taken as a whole. Except as disclosed in Section 3.17 of the Disclosure Letter, the Companies shall after the Closing continue to have coverage under all such policies and bonds of Seller or any Company with respect to events occurring prior to the Closing.

SECTION 3.18. *Permits*. (a) The Permits are valid and in full force and effect, (b) none of the Companies is in default under, and no condition exists that with notice or lapse of time or both would constitute a default under, the Permits and (c) none of the Permits will be terminated or impaired or become terminable, in whole or in part, as a result of the transactions contemplated hereby, except for such Permits the failure of which to be valid, and except for such defaults and such terminations or impairments, that do not have or do not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole.

SECTION 3.19. *Finders' Fees*. Except for Merrill Lynch, Pierce, Fenner & Smith Incorporated, whose fees will be paid by Seller, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Seller or any of the Companies who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

SECTION 3.20. *Employees; Labor Matters*. (a) Section 3.20 of the Disclosure Letter sets forth a true and complete list as of May 31, 2000 of the names, titles and annual salaries of all officers of the Companies and all other employees of the Companies whose annual base salary exceeds $200,000. Except as set forth in Section 3.20(a) of the Disclosure Letter, to the knowledge of the executive officers of Seller, as of June 20, 2000, no stockholder or principal intends to resign or retire as a result of the transactions contemplated by this Agreement or otherwise within one year after the Closing Date. Each employee, officer or director of the Seller or any of the Companies is appropriately registered as a broker-dealer, investment adviser, registered representative, commodity trading adviser, commodity pool operator, futures commission merchant or transfer agent (or in a similar capacity) with any governmental authority or self-regulatory organization requiring such registration for the performance of such functions, except for such registrations the absence of which does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole.

(b) The Companies are in compliance with all currently applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and are not engaged in any unfair labor practice, except for such compliance the failure of which or such engagement which does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole. As of June 20, 2000, there is no unfair labor practice complaint pending or, to the knowledge of Seller, threatened against any of the Companies before the National Labor Relations Board, and as of the Closing Date, there will be no such complaints pending or threatened which individually or in the aggregate have a significant risk of having a Material Adverse Effect.

SECTION 3.21. *Employee Benefit Plans*. (a) Section 3.21(a) of the Disclosure Letter lists each "employee benefit plan", as defined in Section 3(3) of ERISA, each employment, consulting, severance or similar contract, plan, arrangement or policy and each other plan or arrangement (written or material oral) providing for compensation, bonuses, profit-sharing, stock option or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangements), health or medical benefits, employee assistance program, disability or sick leave benefits, workers' compensation, supplemental unemployment benefits, severance benefits or post- employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits) which is maintained, administered or contributed to by any of the Companies or any ERISA Affiliate and covers any employee or former employee of any of the Companies, or with respect to which any of the Companies has any liability. Copies of such plans (and, if applicable, related trust or funding agreements or insurance policies) and all amendments thereto and material written interpretations thereof have been made available to Buyer together with the most recent annual report (Form 5500 including, if applicable, Schedule B

thereto) prepared in connection with any such plan or trust. Such plans are referred to collectively herein as the "**Employee Plans**". For purposes of this Section, "**ERISA Affiliate**" of any Person means any other Person which, together with such Person, would be treated as a single employer under Section 414(b) or (c) of the Code.

(b) Except as set forth in Section 3.21(b) of the Disclosure Letter, none of the Companies or any ERISA Affiliate nor any predecessor thereof contributes to, or has in the past contributed to, any Employee Plan subject to Title IV of ERISA.

(c) None of the Companies or any ERISA Affiliate nor any predecessor thereof sponsors, maintains or contributes to, or has in the past sponsored, maintained or contributed to, any "multiemployer plan," as defined in Section 3(37) of ERISA. None of the Companies has any liabilities, actual or contingent, present or future, under any plan described in Section 4(b)(5) or 401(a)(1) of ERISA which are more than de minimus in the aggregate.

(d) Each Employee Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter, or has pending or has time remaining in which to file, an application for such determination from the Internal Revenue Service. The Seller has made available to Buyer copies of the most recent Internal Revenue Service determination letters with respect to each such Plan. Each Employee Plan has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations, including but not limited to ERISA and the Code, which are applicable to such Plan. No material events have occurred with respect to any Employee Plan that, assuming the taxable period of such event expired as of June 20, 2000, if applicable, would reasonably be expected to result in payment or assessment by or against any of the Companies of any material excise taxes under Sections 4972, 4975, 4976, 4977, 4979, 4980B, 4980D, 4980E or 5000 of the Code.

(e) Except as set forth in Section 3.21(e) of the Disclosure Letter, neither the consummation of the transactions contemplated by this Agreement nor the commitment to or consummation of any other transaction constituting a change in control of any entity will entitle any employee or independent contractor of any of the Companies to severance pay or accelerate the time of payment or vesting or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or trigger any other material obligation pursuant to, any Employee Plan which would not otherwise be so paid, vested, funded, increased or otherwise triggered but for the consummation of such transactions. There is no Employee Plan being assumed by the Buyer that, individually or collectively, would give rise to the payment of any amount that would not be deductible pursuant to the terms of Section 280G of the Code if the transactions contemplated by this Agreement constituted a change in the ownership or effective control of any entity or a change in the ownership of a substantial portion of the assets of any entity within the meaning of Section 280G(b)(2)(A)(1) of the Code.

(f) Except as set forth in Section 3.21(f) of the Disclosure Letter, none of the Companies has any liability in respect of post-retirement health, medical or life insurance benefits for retired, former or current employees of any of the Companies (the liability for which is more than de minimus) except as required to avoid excise tax under Section 4980B of the Code.

(g) Section 3.21(g) of the Disclosure Letter identifies each International Plan. Seller has made available to Buyer copies of each International Plan. Each International Plan has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations (including any special provisions relating to qualified plans where such Plan was intended to so qualify) and has been maintained in good standing with applicable regulatory authorities. There has been no amendment to, written interpretation of or announcement (whether or not written) by Seller or any of its Affiliates or the Companies relating to, or change in employee participation or coverage under, any International Plan that would increase materially the expense of maintaining such International Plan above the level of expense incurred in respect thereof for the most recent fiscal year ended prior to June 20, 2000. According to the actuarial assumptions and valuations most recently used for the purpose of funding each International Plan (or, if no such assumptions have been used, according to reasonable actuarial assumptions in the given context), as of June 20, 2000 the total amount or value of the funds available under such Plan to pay benefits accrued thereunder or segregated in respect of such accrued benefits, together with any reserve or accrual with respect thereto, exceeded the present value of all benefits (actual or contingent) accrued as of such date of all participants and past participants therein in respect of which the Companies have or would have after the Closing of any obligation.

(h) Except as set forth in Section 3.21(h) of the Disclosure Letter, there has been no amendment to, written interpretation or announcement by any of the Companies or any of its Affiliates relating to, or change in employee participation or coverage under, any Employee Plan being assumed by the Buyer, or for which Buyer will otherwise be liable, which would increase materially the expense of maintaining such Employee Plan above the level of the expense incurred in respect thereof for the most recent fiscal year.

(i) None of the Companies is a party to or subject to, or is currently negotiating in connection with entering into, any collective bargaining agreement or other contract or understanding with a labor union or labor organization.

(j) All contributions required to be made under the terms of any Employee Plan have been timely made or have been reflected on the Seller Balance Sheet. None of the Companies have made commitments for the payment of any bonuses, incentive compensation or commissions of any kind and in any form (the liability for which is more than de minimus) to any employee or former employee of the Companies with respect to any period following the Closing, other than commitments retained or assumed by Seller or SCB Partners.

(k) There is no action, suit, investigation, audit or proceeding filed against or involving or, to the knowledge of any of the Companies, threatened against or involving, any Employee Plan before any court or arbitrator or any state, federal or local governmental body, agency or official.

SECTION 3.22. *Environmental Matters*. (a) Except as to matters that, individually or in the aggregate, do not have and do not have a significant risk of having a Material Adverse Effect on the Seller and the Companies, taken as a whole:

(i) no notice, notification, demand, request for information, citation, summons or order has been received, no complaint has been filed, no penalty has been assessed and no investigation, action, claim, suit, proceeding or review is pending, or to Seller's knowledge, threatened by any governmental entity or other Person with respect to any matters relating to any of the Companies and relating to or arising out of any Environmental Law;

(ii) there are no liabilities of or relating to any of the Companies of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, arising under or relating to any Environmental Law;

(iii) except in compliance with Environmental Laws or in a manner that does not have a significant risk of resulting in liability to any of the Companies thereunder, no polychlorinated biphenyls, radioactive material, lead, asbestos-containing material, incinerator, sump, surface impoundment, lagoon, landfill, septic, wastewater treatment or other disposal system or underground storage tank (active or inactive) is or has been present at, on or under any property now or previously owned, leased or operated by any of the Companies;

(iv) except in compliance with Environmental Laws or in a manner that does not have a significant risk of resulting in liability to any of the Companies thereunder, no Hazardous Substance has been discharged, disposed of, dumped, injected, pumped,

deposited, spilled, leaked, emitted or released at, on or under any property now or previously owned, leased or operated by any of the Companies;

(v) except in compliance with Environmental Laws or in a manner that does not have a significant risk of resulting in liability to any of the Companies thereunder, no property now or previously owned, leased or operated by any of the Companies or any property to which any of the Companies has, directly or indirectly, transported or arranged for the transportation of any Hazardous Substances is listed or, to Seller's knowledge, proposed for listing, on the National Priorities List promulgated pursuant to CERCLA, on CERCLIS (as defined in CERCLA) or on any similar federal, state or foreign list of sites requiring investigation or clean-up; and

(vi) the Companies are in compliance with all Environmental Laws and have obtained and are in compliance with all Environmental Permits; such Environmental Permits are valid and in full force and effect.

(b) There has been no environmental investigation, study, audit, test, review or other analysis conducted of which Seller has knowledge in relation to any property or facility now or previously owned, leased or operated by any of the Companies which has not been delivered to Buyer at least ten days prior to June 20, 2000.

(c) None of the Companies owns, leases or operates or has owned, leased or operated any property or has conducted any operations in New Jersey or Connecticut.

(d) For purposes of this Section, the term "**Companies**" shall include any entity which is, in whole or in part, a predecessor of any of the Companies.

SECTION 3.23. *Investment Management Activities*. (a) Registered Fund Client. The only investment company required to be registered under the Investment Company Act for which the Seller or any of the Companies acts as investment adviser that is sponsored by Seller or the Companies is the Sanford C. Bernstein Fund, Inc. (the "**Registered Fund**").

(b) Schedule of Clients. Section 3.23(b) of the Disclosure Letter contains a list as of May 31, 2000 of the 50 largest institutional clients of the Companies and all private clients of the Companies with assets under management of $10 million or more and the assets under management for each. The Companies also provide services to (i) pooled investment funds sponsored by any of the Companies for which the Seller or any of the Companies acts as investment adviser and which are not required to be registered under the Investment Company Act ("**Non-Registered Funds**") and (ii) investment advisory clients who are neither the Registered Fund nor Non-Registered Funds and including clients for whom the Companies act as sub-adviser, the "**Non-Fund Clients**"). The Registered Fund, the Non-Registered Funds and the Non-Fund Clients are referred to collectively as the "**Advisory Clients**".

(c) Client Contracts. (i) The Seller has previously made available to the Buyer representative forms of investment advisory agreements entered into with the Registered Fund, Non-Registered Funds and Non-Fund Clients.

(ii) Each Client Contract and any subsequent renewal has been duly authorized, executed and delivered by one or more of the Companies and, in the case of the Registered Fund, has been adopted in compliance with Section 15 of the Investment Company Act, and is a valid and legally binding agreement, enforceable against such Company.

(iii) Neither the Seller nor any of the Companies is currently in default under any of the terms of any Client Contract other than defaults which do not, individually or in the aggregate, have or have a significant risk of having a Material Adverse Effect on the Seller and the Companies, taken as a whole.

(iv) Section 3.23(c)(iv) of the Disclosure Letter contains a description of any and all fee waivers, fee limitations and undertakings by any of the Companies to cap fees or to reimburse any or all fees relating to any Advisory Client, other than "most favored nation" provisions.

(d) Regulatory Qualification. The Seller and each of the Companies acting in the capacity of an investment adviser (as used in the Investment Advisers Act) to a Registered Fund, Non-Registered Fund or Non-Fund Client is registered as an investment adviser under the Investment Advisers Act or is not required to be so registered.

(e) Assets Under Management. Section 3.23(e) of the Disclosure Letter contains a true and accurate statement of the fair market value of the assets under management as of May 31, 2000 in each of the House Pool, the Institutional-Equity Pool, the Institutional Fixed-Income Pool, the Private Clients Pool and the Stanley Bogen Pool and the weighted average annualized base fee realization rates with respect to each such Pool for the bills sent or charged for the year 2000 second quarter.

SECTION 3.24. *Funds*. (a) Proper Registration. The Registered Fund is, and at all time during the past five years has been, registered with the SEC as an investment company under the Investment Company Act.

(b) Financial Statements. The Seller has made available to the Buyer copies of the audited financial statements for the Registered Fund for each of its fiscal years since January 1, 1997 (the "**Registered Fund Financial Statements**"). The Registered Fund Financial Statements have been prepared in accordance with generally accepted accounting principles applied by the Registered Fund on a consistent basis and fairly presents in all material respects the financial positions and statement of net assets as of the date thereof and the results of operations for the period then ended. The Registered Fund has not incurred any obligation or liability (contingent or other) that, individually or in the aggregate, is or when accrued, would be, material to the financial condition or results of operations of the Registered Fund, except as reflected in its Registered Fund Financial Statements.

(c) Registered Fund Contracts. Each Investment Contract, including each administration agreement between the Registered Fund and Seller or any of the Companies, each Underwriting Agreement (the "**Underwriting Agreement**") between the Seller or any of the Companies, on the one hand, and the Registered Fund, on the other hand, and each agreement (the "**Services Agreement**") between the Seller or any of the Companies, on the one hand and the Registered Fund, on the other hand, and any subsequent renewal of any such agreement, has been duly authorized, executed and delivered by the Seller or the Registered Fund, as the case may be, and is a valid and legally binding agreement.

(d) SEC Filings. The Registered Fund has filed with the SEC all material contracts, including all agreements and arrangements for the distribution of shares, to which the Registered Fund is a party or by which the Registered Fund or its property is bound.

(e) Registered Fund Prospectuses. The current prospectus (which term, as used in this Agreement, shall include any related statement of additional information), as amended or supplemented, relating to the Registered Fund has been supplied or made available to the Buyer, each such prospectus, as amended or supplemented, is in substantial compliance with the requirements of the 1933 Act, the 1934 Act, including Rule 10b-5 thereunder, and the Investment Company Act, and, where applicable, the rules of the NASD and the applicable U.S. states, and does not contain any untrue statement of

a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(f) 12b-1 Plans. The Registered Fund has not entered into a distribution plan pursuant to Rule 12b-1 under the Investment Company Act for any series or class of shares offered by the Registered Fund.

(g) Proxy Solicitation Materials. The proxy solicitation materials to be distributed to the shareholders of the Registered Fund in connection with the approvals described in Section 5.07 will provide all information necessary in order to make the disclosure of information therein satisfy the requirements of Section 14 of the 1934 Act, Section 20 of the Investment Company Act and the rules and regulations thereunder and such materials (except to the extent supplied by Buyer or any of its officers) will be complete in all material respects and will not contain (at the time such materials or information are distributed, filed or provided, as the case may be and at the time of the applicable shareholder vote or action, including any supplement thereto) any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading or necessary to correct any statement or any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

(h) Disciplinary Matters. The Registered Fund has not been enjoined, indicted, convicted or made the subject of disciplinary proceedings, consent decrees or administrative orders on account of any violation of the 1933 Act, the 1934 Act, the Investment Company Act or any similar law of a non-U.S. jurisdiction.

(i) Portfolio Management. Since January 1, 1997, the Registered Fund has been operated in substantial compliance with its respective objectives, policies and restrictions, including without limitation those set forth in the governing instrument.

(j) Fees. There are no distribution-related fees payable to any Person in connection with the distribution of the shares of the Registered Fund.

(k) Sales Load Reallowance Policies. There have been no material changes in sales load reallowance policies with respect to sales of shares of the Registered Fund.

SECTION 3.25. *Non-Registered Funds*. (a) Authorization. Each Non-Registered Fund has been duly organized, and is validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) Registration Not Required. No Non-Registered Fund is required to be registered as an investment company under the Investment Company Act.

(c) Financial Statements. The Companies have made available to Buyer copies of the audited financial statements for each of the Non-Registered Funds for each of their respective fiscal years since January 1, 1997 (the "**Non-Registered Fund Financial Statements**"). Each Non-Registered Fund Financial Statement has been, in the case of domestic Non-Registered Funds, prepared in accordance with generally accepted accounting principles and, in the case of foreign Non-Registered Funds, prepared in accordance with generally accepted accounting principles as disclosed in such Non-Registered Fund's financial statements, in each case consistently applied by the applicable Non-Registered Fund and fairly presents in all material respects the financial positions and statement of net assets as of the date thereof and the results of operations for the period then ended. None of the Non-Registered Funds has incurred any obligation or liability (contingent or other) that, individually or in the aggregate, is or when accrued, would be, material to the financial condition or results of obligations of such Non-Registered Fund, except as reflected in its Non-Registered Fund Financial Statements.

(d) Disciplinary Matters. None of the Non-Registered Funds has been enjoined, indicted, convicted or made the subject of disciplinary proceedings, consent decrees or administrative orders on account of any violation of the 1933 Act, the 1934 Act, the Investment Company Act or any similar law of a non-U.S. jurisdiction.

(e) Portfolio Management. Since January 1, 1997, each Non-Registered Fund has been operated in substantial compliance with its respective objectives, policies and restrictions, including without limitation those set forth in the applicable offering memorandum and governing instrument.

SECTION 3.26. *Non-Fund Clients*. Portfolio Management. Except as set forth in Section 3.26 of the Disclosure Letter, since January 1, 1997, the portfolio of each Non-Fund Client or in the case of any sub-advisory relationship, the portion of the account that is managed by the Companies, has been managed in substantial compliance with its respective objectives, policies and restrictions, including without limitation those set forth in the governing instrument.

SECTION 3.27. *Regulatory Compliance*. (a) Personnel. Neither the Seller nor any of the Companies or, to the knowledge of the Seller or any of the Companies, other persons "associated" (as defined under the Investment Advisers Act or 1934 Act) with the Seller or any of the Companies, has been convicted of any crime or has been subject to any disqualification that would be a basis for denial, suspension, or revocation of registration of an investment adviser under Section 203(e) of the Investment Advisers Act or Rule 206(4) - 4(b) thereunder, or of a broker-dealer under Section 15(b)(4) of the 1934 Act or for disqualification as an investment adviser or a principal underwriter for any Registered Fund pursuant to Section 9(a) of the Investment Company Act, during the ten-year period immediately preceding June 20, 2000.

(b) Internal Policies and Procedures. Each of the Companies providing investment advice to the Registered Fund, the Non-Registered Funds and Non-Fund Clients or acting as a distributor for the Registered Fund, the Non-Registered Funds and Non-Fund Clients has adopted a formal code of ethics and a written policy regarding insider trading, a complete and accurate copy of each of which has been made available to the Buyer. Such codes of ethics and insider trading policies comply in all material respects with Section 17(j) of the Investment Company Act, Rule 17j-1 thereunder, Section 204A of the Investment Advisers Act and Section 15(f) of the 1934 Act. The policies of each of the Companies providing investment advice as of June 20, 2000 with respect to avoiding conflicts of interest are as set forth in the most recent Form ADV of the respective Company, as amended, which has been made available to the Buyer. There have been no violations of such codes of ethics or such insider trading policies that, individually or in the aggregate, have or have a significant risk of having a Material Adverse Effect on the Companies, taken as a whole.

(c) Registered Fund Procedures. The Registered Fund has duly adopted procedures pursuant to Rules 17a-7, 17e-1 and 10f-3 under the Investment Company Act, to the extent applicable. The Registered Fund has for the past two years been operated and is currently operating in compliance in all material respects with Rules 17a-7, 17e-1 and 10f-3 thereunder, to the extent applicable.

(d) Regulatory Correspondence. The Seller or any of the Companies has made (or in the case of filings after June 20, 2000, will make) available to the Buyer true and complete copies of (a) all filings made by Seller or any of the Companies with the SEC within the past two years (including but not limited to all filings on Form ADV, Form TA, Form NSAR, current Form BD and most recent FOCUS Report), (b) all audit reports received by Seller or any of the Companies from the SEC or any other governmental authority or self-regulatory organization and all written responses thereto made by any such person during the past two years, (c) copies of all inspection reports related to Seller or any of the Companies provided to Seller or any of the Companies by the SEC or any governmental authority or self-regulatory organization during the past two years and (d) all correspondence relating to any inquiry or investigation relating to Seller or any of the Companies provided to Seller or any of the Companies.

(e) Account Performance. Seller has provided to Buyer 1998 audited performance summaries and 1999 unaudited performance summaries as set forth in Section 3.27(e) of the Disclosure Letter. The summaries have been prepared and presented, in all material respects, in conformity with the methodology set forth in the accompanying notes thereto.

SECTION 3.28. *Broker-Dealer Activities*. (a) Section 3.28 of the Disclosure Letter contains a list, as of June 20, 2000, of each of the Companies that acts or has acted as a broker or dealer in securities in the United States or outside (each of such Companies, a "**Broker**").

(b) Each Broker is and since January 1, 1997 has been appropriately registered with any U.S. or non-U.S. government or financial industry self-regulatory organization having authority over such Broker (each, a "**Financial Regulator**"), except for any registrations with Non-U.S. Financial Regulators the absence of which does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole.

(c) Each Broker is in substantial compliance with the rules and regulations of each Financial Regulator having authority over it, except to the extent that a failure to comply does not have and does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole.

(d) Each Broker has filed with its appropriate Financial Regulator(s) all reports, schedules, forms, statements and other documents (including financial statements and documents) required by such Financial Regulators from January 1, 1997 to June 20, 2000 (the "**Broker Filings**"), except to the extent the failure to file does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole. The Broker Filings were prepared in all material respects in accordance with the applicable requirements of such Financial Regulator(s) and did not at the time they were filed contain any untrue statement of material fact or omit to make any statement necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(e) The Broker has instituted procedures to comply with the requirements of Section 11(a) of the 1934 Act and has followed such procedures except to the extent that the failure to so comply, individually or in the aggregate, does not have or does not have a significant risk of having a Material Adverse Effect on the Companies, taken as a whole.

(f) The Broker has made available to Buyer its current compliance manual, New York Stock Exchange Floor Brokerage Compliance and Supervisory Manual, and Compliance and Supervisory Outline for Institutional Services Sales Trading Department and Investment Management Domestic and International Equity Trading Departments.

SECTION 3.29. *Futures Activities*. (a) Section 3.29 of the Disclosure Letter contains a list, as of June 20, 2000, of each of the Companies that acts or has acted as a commodity trading adviser, futures commission, merchant or commodity pool operator in futures or commodity options in the United States or outside (each of such Companies, a "**Futures Intermediary**").

(b) Each Futures Intermediary is and since January 1, 1997 has been appropriately registered with any U.S. or non-U.S. government or financial industry regulatory authority having authority over such Futures Intermediary (each, a "**Futures Regulator**"), except for any registrations with Non-U.S. Futures Regulators the absence of which does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole.

(c) Each Futures Intermediary is in compliance with the rules and regulations of each Futures Regulator having authority over it, except to the extent that a failure to comply does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole.

(d) Each Futures Intermediary has filed with its appropriate Futures Regulator(s) all reports, schedules, forms, statements and other documents (including financial statements and documents) required by such Futures Regulators from January 1, 1997 to June 20, 2000 (the "**Futures Filings**"), except to the extent the failure to file does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole. The Futures Filings were prepared in all material respects in accordance with the applicable requirements of such Futures Regulator(s) and did not at the time they were filed contain any untrue statement of material fact or omit to make any statement necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

SECTION 3.30. *ERISA Clients*. Each account through which any of the Companies provides services to any client (a "**Client**") that is (i) an employee benefit plan, as defined in Section 3(3) of ERISA, that is subject to Title I of ERISA; (ii) a person acting on behalf of such a plan; or (iii) an entity whose assets include the assets of such a plan, within the meaning of ERISA and applicable regulations (hereinafter referred to as an "**ERISA Client**"), in each case have been managed by the Companies such that each of the Companies in the exercise of such management is in compliance in all respects with the applicable requirements of ERISA, except to the extent the failure to comply does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on the Companies, taken as a whole.

SECTION 3.31. *Securities Laws Matters; Disclosures*. (a) Seller (on behalf of Seller and SCB Partners) acknowledges that the Acquired Units have not been registered under the 1933 Act or any state securities laws, may not be transferred in the absence of such registration or pursuant to an exemption from the registration requirements of the 1933 Act, that the Acquired Units will be appropriately legended to so reflect and that the offering of the Acquired Units contemplated hereby is to be effected pursuant to an exemption from the registration requirements imposed by such laws. In this regard, each of Seller, SCB Partners and BTI is acquiring the Acquired Units for its own account and not with a view to, or for sale in connection with, any public distribution thereof. Each of the Seller, SCB Partners and BTI agrees not to offer, sell or otherwise dispose of the Acquired Units except in compliance with the 1933 Act and applicable state securities laws. Each of the Seller, SCB Partners and BTI is an "accredited investor" (as defined in Regulation D under the 1933 Act), has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Acquired Units and is capable of bearing the economic risks of such investment.

(b) The Seller confirms that as of Closing, SCB Partners will be incorporated in New York and have its headquarters in New York and a registered agent in New York.

(c) None of the information provided by the Seller or any of the Companies for inclusion in the proxy statement(s) to be mailed to the limited partners and unitholders of Buyer and/or the unitholders of Alliance Holding or any amendment or supplement thereto, at the time of the filing thereof, at the time such proxy statement or any amendment or supplement thereto becomes effective, at the time of the distribution and dissemination thereof and at the time of the consummation of the transactions contemplated by this Agreement will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading.

SECTION 3.32. *Registered Fund Tax Compliance*. (a) (i) The Registered Fund made or will make the election set forth in Section 851(b) of the Code for its first taxable year for which it represented to its shareholders that it was a regulated investment company; (ii) except for its current taxable year, the Registered Fund has qualified as a regulated investment company as defined in Section 851 of the Code (a "**RIC**") for such first taxable year and for each succeeding taxable year; (iii) except for failure to comply with the provisions of Section 852(a)(1) of the Code, the Registered Fund would qualify as a RIC for its current taxable year if the last day of its most recent fiscal quarter ended on or prior to the date of this Agreement were treated as the last date of

such taxable year and for the taxable year in which the Closing occurs if the last day of its most recent fiscal quarter ended on or prior to the Closing Date were treated as the last date of such taxable year; and (iv) the Registered Fund has no earnings and profits accumulated in any taxable year in which it did not qualify as a RIC.

(b) All material tax returns, reports, declarations, forms or information statements relating to taxes required to be filed by the Registered Fund with any tax authority, or provided by the Registered Fund to any other person, on or before the Closing Date (the "**Registered Fund Returns**") have been duly filed, or provided to the appropriate person, by or on behalf of the Registered Fund in accordance with all applicable laws. As of the time each Registered Fund Return was filed or provided to the relevant person, such Registered Fund Return was accurate and complete in all material respects. All material taxes due and payable by or on behalf of the Registered Fund on or before June 20, 2000 have been timely paid, or withheld and remitted, to the appropriate tax authority. There is no judicial or administrative claim, audit, action, suit, proceeding or investigation now pending or to the knowledge of the Seller, threatened against the Registered Fund in respect of any Tax.

(c) The representations and warranties contained in this Section 3.32 shall be deemed to apply separately to each such class or series of the Registered Fund if such class or series is treated as a separate entity for purposes of Section 851 of the Code.

SECTION 3.33. *Non-Registered Funds Tax Compliance*. (a) Each of the Non-Registered Funds (as defined in Section 3.23(b)) that is created or organized in the United States or any political subdivision thereof is not and has not been at any time since its inception an association taxable as a corporation for U.S. federal income tax purposes and all portions of each such Non-Registered Fund are and have been since their inception either (A) subject to subpart E of part I of subchapter J of chapter 1 of subtitle A of the Code or (B) treated as partnerships within the meaning of the Code.

(b) All material tax returns, reports, declarations, forms or information statements relating to taxes required to be filed by any Non-Registered Fund with any tax authority, or provided by any Non-Registered Fund to any other person, on or before the Closing Date (the "**Non-Registered Fund Returns**") have been duly filed, or provided to the appropriate person, by or on behalf of such Non-Registered Fund in accordance with all applicable laws. As of the time each Non-Registered Fund Return was filed or provided to the relevant person, such Non-Registered Fund Return was accurate and complete in all material respects. All material taxes due and payable by or on behalf of any Non-Registered Fund on or before June 20, 2000 have been timely paid, or withheld and remitted, to the appropriate tax authority. There is no judicial or administrative claim, audit, action, suit, proceeding or investigation now pending or to the knowledge of the Seller, threatened against or with respect to any Non-Registered Fund in respect of any Tax.

SECTION 3.34. *Opinion of Financial Advisor*. Seller has received the opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated, financial advisor to Seller, to the effect that, as of June 20, 2000, the consideration to be received in the aggregate by Seller and BTI hereunder is fair to Seller from a financial point of view.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that:

SECTION 4.01. *Partnership Existence and Power*. (a) (i) As of June 20, 2000, each of Buyer and Alliance Holding is and (ii) as of the Closing Date, each of Buyer and Alliance Holding will be a limited partnership duly organized, validly existing and in good standing under the laws of Delaware and as of June 20, 2000 has, and as of the Closing Date will have, all powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as conducted on June 20, 2000 and the Closing Date, respectively, except for any such licenses, authorizations, permits, consents and approvals the absence of which does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on Buyer, its Subsidiaries and Alliance Holding, taken as a whole.

(b) Buyer and Alliance Holding have heretofore delivered or made available to Seller true and complete copies of their respective constituent documents, as in effect on June 20, 2000. Except as permitted by Section 6.07, Buyer and Alliance Holding have made no amendment or modification to their respective constituent documents since June 20, 2000.

SECTION 4.02. *Partnership Authorization*. Subject to the receipt of the opinions referred to in Section 10.02(e), the execution, delivery and performance by Buyer of this Agreement and the other Buyer Transaction Agreements and the consummation of the transactions contemplated hereby and thereby, and the execution, delivery and performance by Alliance Holding of this Agreement and the consummation of the transactions contemplated hereby, are within the respective powers, rights and authority of Buyer and Alliance Holding and, except for any required approval by Buyer's limited partners and/or Alliance Holding's unitholders and limited partners, have been duly authorized by all necessary action on the part of Buyer and Alliance Holding, respectively. This Agreement constitutes, and each of the other Buyer Transaction Agreements when executed will constitute, a valid and binding agreement of Buyer. This Agreement constitutes a valid and binding agreement of Alliance Holding.

SECTION 4.03. *Governmental Authorization*. The execution, delivery and performance by Buyer of this Agreement and the other Buyer Transaction Agreements and the consummation of the transactions contemplated hereby and thereby, and the execution, delivery and performance by Alliance Holding of this Agreement and the consummation of the transactions contemplated hereby, require (a) no material action by or in respect of, or material filing with, any governmental body, agency or official other than compliance with any applicable requirements of (i) the HSR Act and the Antitrust Laws of any applicable foreign jurisdiction and the agencies and bodies responsible therefor; (ii) the Commodity Futures Act of Canada; (iii) the Securities Act of Ontario, Canada; (iv) the Investment Canada Act; (v) the Commodity Futures Act of Ontario, Canada; (vi) the Securities Act Alberta, Canada; (vii) the Securities Act Manitoba, Canada; (viii) the Securities Act of British Columbia, Canada; (ix) the Securities Act of New Brunswick, Canada; (x) the Securities Act of Newfoundland, Canada; (xi) the Licensing Act of Prince Edward Island; (xii) the Corporations Law of Australia (Australian Securities and Investment Commission); (xiii) the Australian Trade Practices Act 1974; (xiv) the United Kingdom's Financial Services Act 1986; (xv) the U.S. Commodity Exchange Act; (xvi) the National Association of Securities Dealers; (xvii) state securities regulations; (xviii) the New York Stock Exchange; (xix) the American Stock Exchange; (xx) the Boston Stock Exchange; (xxi) the Chicago Stock Exchange; (xxii) the Pacific Stock Exchange; (xxiii) the National Futures Association; (xxiv) the Municipal Securities Rule Making Board; (xxv) the Securities Investor Protection Corporation; (xxvi) the National Securities Clearing Corporation; (xxvii) the Depository Trust Company; (xxviii) The Options Clearing Corporation; (xxix) the 1933 Act and any applicable state blue sky laws; (xxx) the 1934 Act; (xxxi) the Commodity Futures Trading Commission; (xxxii) the Investment Company Act; (xxxiii) the Investment Advisers Act, (xxxiv) the New York Business Corporations Law and any applicable filings thereunder; and the Delaware General Corporation Law and any applicable filings thereunder; and (b) no other action by or in respect of or filing with any other governmental body, agency or official as to which the failure to take, make or obtain has or has a significant risk of having, individually or in the aggregate, a Material Adverse Effect on Buyer, its subsidiaries and Alliance Holding, taken as a whole.

SECTION 4.04. *Noncontravention*. (a) The execution, delivery and performance by Buyer of this Agreement and the other Buyer Transaction Agreements and the consummation of the transactions contemplated hereby and thereby do not and will not, upon the approval of Buyer's limited partners and/or Alliance Holding's unitholders and limited partners of the transactions contemplated by this Agreement, if required, and receipt of the opinions referred to in Section 10.02(e) (i) violate the constituent documents of Buyer, (ii) assuming compliance with the matters referred to in Section 4.03, violate any applicable law, rule, regulation, judgment, injunction, order or decree, (iii) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Buyer or any of its Subsidiaries to a loss of any

benefit to which Buyer or any of its Subsidiaries is entitled under any provision of any agreement or other instrument binding upon Buyer or any of its Subsidiaries or by which any of the properties of Buyer or any of its Subsidiaries is bound or (iv) result in the creation or imposition of any Lien on any asset of Buyer or any of its Subsidiaries, except, in the cases of clauses (ii), (iii) and (iv), for any such violations, consents, actions, defaults, rights, losses or Liens that do not have or do not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on Buyer and its Subsidiaries, taken as a whole.

(b) The execution, delivery and performance by Alliance Holding of this Agreement and the consummation of the transactions contemplated hereby do not and will not, upon the approval of Buyer's limited partners and/or Alliance Holding's unitholders and limited partners of the transactions contemplated by this Agreement, if required, (i) violate the constituent documents of Alliance Holding, (ii) assuming compliance with the matters referred to in Section 4.03, violate any applicable law, rule, regulation, judgment, injunction, order or decree, (iii) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Alliance Holding or to a loss of any benefit to which Alliance Holding is entitled under any provision of any agreement or other instrument binding upon Alliance Holding or by which any of the properties of Alliance Holding is bound or (iv) result in the creation or imposition of any Lien on any asset of Alliance Holding, except, in the cases of clauses (ii), (iii) and (iv), for any such violations, consents, actions, defaults, rights, losses or Liens that do not have or do not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on Alliance Holding.

SECTION 4.05. *Financing*. Buyer will have on the Closing Date, sufficient cash, available lines of credit or other sources of immediately available funds to enable it and its Subsidiaries to make payment of the Cash Purchase Price and any other amounts to be paid by it hereunder.

SECTION 4.06. *Acquired Units*. When issued and delivered in accordance with the terms of this Agreement, the Acquired Units will have been duly and validly authorized and issued and the issuance thereof is not subject to any preemptive or other similar right.

SECTION 4.07. *SEC Filings*. (a) Each of Buyer and Alliance Holding has filed with the SEC (i) its annual report on Form 10–K for the fiscal year ended December 31, 1999, (ii) its quarterly report on Form 10–Q for the fiscal quarter ended March 31, 2000, and (iii) all other reports, statements, schedules and registration statements required to be filed with the SEC since December 31, 1999 (the documents referred to in this Section, collectively, the "**Buyer SEC Documents**").

(b) As of its filing date, each Buyer SEC Document complied as to form in all respects with the applicable requirements of the 1933 Act and 1934 Act, as the case may be, except where such failure to comply does not have or does not have a significant risk of having, individually or in the aggregate, a Material Adverse Effect on Buyer, its Subsidiaries and Alliance Holding, taken as a whole.

(c) As of its filing date, each Buyer SEC Document filed pursuant to the 1934 Act did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(d) Each Buyer SEC Document that is a registration statement, as amended or supplemented, if applicable, filed pursuant to the 1933 Act, as of the date such registration statement or amendment became effective, did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

SECTION 4.08. *Financial Statements*. The audited consolidated financial statements and unaudited consolidated interim financial statements of Buyer included in the Buyer SEC Filings fairly present in all material respects, in conformity with generally accepted accounting principles applied on a consistent basis (except as may be indicated in the notes thereto, it being understood that the unaudited interim financial statements do not contain footnotes), the consolidated financial position of Buyer and its consolidated Subsidiaries as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (subject to normal year–end adjustments in the case of any unaudited interim financial statements).

SECTION 4.09. *Absence of Certain Changes*. Since the Buyer Balance Sheet Date, except as described in the Buyer SEC Documents filed prior to June 20, 2000, the business of Buyer and its Subsidiaries has been conducted in the ordinary course consistent with past practice and there has not been any event, occurrence, development or state of circumstances or facts that, individually or in the aggregate, has had or has a significant risk of having a Material Adverse Effect on Buyer and its Subsidiaries, taken as a whole.

SECTION 4.10. *Purchase for Investmen*t. Buyer is purchasing the Equity of ADV LLC for investment for its own account and not with a view to, or for sale in connection with, any public distribution thereof. Subsequent to the occurrence of the foregoing events and the Dividend Distribution, Buyer is purchasing the Purchased Investments and the Equity of SCB United Kingdom and SCB Australia, the Purchased Investments and the Buyer Interest, and ACM LLC is purchasing the Buyer LLC Interest, in each case for investment for its own account and not with a view to, or for sale in connection with, any public distribution thereof.

SECTION 4.11. *Litigation; Investigation*. (a) Except as disclosed in the Buyer SEC Documents filed prior to June 20, 2000 and Buyer's Form ADV for the period ending December 31, 1999, as of June 20, 2000, there is not now and there has not been since November 1, 1998 any action, suit, investigation or proceeding (or, to the knowledge of Buyer, any basis therefor) pending against, or, to the knowledge of Buyer, threatened against or affecting, Alliance Holding or Buyer or any of its Subsidiaries or properties before, brought by, or threatened by, any court, arbitrator, governmental body, agency, official or self-regulatory organization which, if determined or resolved adversely in accordance with the plaintiff's demands, has or has a significant risk of having, individually or in the aggregate, a Material Adverse Effect on Buyer, its Subsidiaries and Alliance Holding, taken as a whole.

(b) Except as disclosed in the Buyer SEC Documents filed prior to June 20, 2000 and Buyer's Form ADV for the period ending December 31, 1999, as of the Closing Date, there is not and there has not been since November 1, 1998 any action, suit, investigation or proceeding (or, to the knowledge of Buyer, any basis therefor) pending against, or, to the knowledge of Buyer, threatened against or affecting, Alliance Holding or Buyer or any of its Subsidiaries or any of their respective properties before, brought by, or threatened by, any court, arbitrator, governmental body, agency, official or self-regulatory organization which has or has a significant risk of having, individually or in the aggregate, a Material Adverse Effect on Buyer, its Subsidiaries and Alliance Holding, taken as a whole.

SECTION 4.12. *Finders' Fees*. Except for The Blackstone Group and Salomon Smith Barney Inc., whose fees will be paid by Buyer, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Buyer who might be entitled to any fee or commission from Seller or any of its Affiliates upon consummation of the transactions contemplated by this Agreement.

SECTION 4.13. *Compliance with Laws and Court Orders*. Except as disclosed in the Buyer SEC Documents filed prior to June 20, 2000 and Buyer's Form ADV for the period ending December 31, 1999, none of Buyer and Buyer's Subsidiaries is in violation of, and has not since January 1, 1998 violated, and to the knowledge of Buyer is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any applicable law, rule, regulation, judgment, injunction, order, decree or rule of any self-regulatory organization, except for violations that, individually or in the aggregate, do not have or do not have a significant risk of having a Material Adverse Effect on Buyer and its Subsidiaries, taken as a whole.

SECTION 4.14. *Capitalization*. (a) As of May 31, 2000, there were outstanding 172,906,576 Buyer Units. Between May 31, 2000 and June 20, 2000, Buyer has not issued any Buyer Units other than pursuant to its employee benefit plans.

(b) As of June 20, 2000, all of the outstanding securities of Buyer have been duly authorized and validly issued and are fully paid and non-assessable. Except as set forth in this Section 4.14 and except as pursuant to the Financing Agreement, as of June 20, 2000, there are no outstanding (i) Buyer Units, (ii) securities of Buyer convertible into or exchangeable for Buyer Units and (iii) options or other rights to acquire from Buyer, or other obligation of Buyer to issue, any Buyer Units or securities convertible into or exchangeable for Buyer Units, other than pursuant to its employee stock option plans.

SECTION 4.15. *Private Offering*. Assuming the accuracy of Seller's representations as set forth in Section 3.31, the offer, issuance and delivery to Seller and SCB Partners pursuant to the terms of this Agreement of the Acquired Units is exempt from registration under the 1933 Act.

SECTION 4.16. *Existing Registration Rights Agreement*. Buyer and Alliance Holding have made available to Seller copies of all agreements existing as of June 20, 2000 pursuant to which Buyer or Alliance Holding may be required to file a registration statement under the 1933 Act on behalf of any unitholders and/or limited partners, as applicable, of Buyer or Alliance Holding.

SECTION 4.17. *No Undisclosed Material Liabilities*. Except as disclosed in the Buyer SEC Documents filed prior to June 20, 2000 and Buyer's Form ADV for the period ending December 31, 1999, there are no liabilities of Buyer or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expect to result in such a liability, other than:

(a) liabilities provided for in the audited consolidated balance sheet of Buyer and its Subsidiaries as of December 31, 1999 and the footnotes thereto set forth in Buyer's annual report on Form 10-K for the fiscal year ended December 31, 1999;

(b) liabilities incurred in the ordinary course of business consistent with past practice since the Buyer Balance Sheet Date; and

(c) other undisclosed liabilities which, individually or in the aggregate, do not have or do not have a significant risk of having a Material Adverse Effect on Buyer and its Subsidiaries, taken as a whole.

SECTION 4.18. *Tax Treatment*. Buyer is not treated as a corporation for U.S. federal income tax purposes. Alliance Holding has in effect a valid election to apply Section 7704(g) of the Code.

SECTION 4.19. *Regulatory Compliance*. Neither Buyer or, to the knowledge of Buyer, other persons "associated" (as defined under the Investment Advisers Act or 1934 Act) with Buyer, has been convicted of any crime or has been subject to any disqualification that would be a basis for denial, suspension, or revocation of registration of an investment adviser under Section 203(e) of the Investment Advisers Act or Rule 206(4) - 4(b) thereunder, or of a broker-dealer under Section 15(b)(4) of the 1934 Act or for disqualification as an investment adviser or a principal underwriter for any investment company pursuant to Section 9(a) of the Investment Company Act, during the ten-year period immediately preceding June 20, 2000.

ARTICLE 5

COVENANTS OF SELLER

Seller agrees that:

SECTION 5.01. *Conduct of the Companies*. From June 20, 2000 until the Closing Date, Seller shall cause each of the Companies to conduct its business in the ordinary course consistent with past practice and to use all commercially reasonable efforts to preserve intact its business organizations and relationships with clients, customers, employees, regulatory authorities and other third parties and to keep available the services of its present officers and employees. Without limiting the generality of the foregoing, from June 20, 2000 until the Closing Date, Seller will not, without the prior written consent of Buyer (which shall not be unreasonably withheld) and except to the extent necessary to consummate the transactions contemplated by Article 2 of this Agreement, and will not permit any of the Companies to:

(a) merge or consolidate with any other Person or acquire an amount of assets material to the Companies from any other Person;

(b) issue, deliver, sell, pledge or otherwise encumber the Equity or the Common Stock of Seller or repurchase Equity or the Common Stock of Seller from any stockholder of Seller who is bound by a Voting Agreement;

(c) other than as permitted in Article 2 hereof, between 11:59 p.m. on September 30, 2000 and the Closing, make any cash, in-kind or other distribution or engage in any transaction with any of the Companies or SCB Partners (in the case of Seller) or the Seller, SCB Partners or any of the other Companies (in the case of a Company) (any such transaction during such period, a "**Distribution**"); *provided* that Seller or any of the Companies may pay any such Distribution if such Distribution is payable in cash or marketable securities, was declared prior to 11:59 p.m. on September 30, 2000 and will be reflected on the Closing Balance Sheet in accordance with Section 2.07(a);

(d) other than in the ordinary course of business consistent with past practices, sell, lease, license or otherwise dispose of any assets or property;

(e) enter into any type of business that is materially different from the business of the Companies as conducted on June 20, 2000;

(f) make any capital expenditures that in the aggregate exceed the aggregate amount of expenditures set forth in the Capital Budget 2000 and Project Summary 2000 attached as Section 5.01(f) of the Disclosure Letter; or

(g) agree or commit to do any of the foregoing.

SECTION 5.02. *Access to Information; Confidentiality*. (a) From June 20, 2000 hereof until the Closing Date, Seller will (i) give, and will cause each of the Companies to give, Buyer, its counsel, financial advisors, auditors and other authorized representatives full access, subject to explicit third party contractual provisions relating to confidentiality and attorney-client privilege, during normal business hours to the offices, properties, books and records of the Companies and to the books and records of Seller relating to the Companies, *provided* that any such access by Buyer shall not unreasonably interfere with the conduct of the business by Seller and the Companies, (ii) furnish, and will cause each of the Companies to furnish, to Buyer, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information relating to any of the Companies as such Persons may reasonably request and (iii) instruct the employees, counsel and financial advisors of Seller or any of the Companies to cooperate with Buyer in

its investigation of the Companies. No investigation by Buyer or other information received by Buyer shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller hereunder.

(b) After the Closing, Seller and its Affiliates will hold, and will use their best efforts to cause their respective officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all confidential documents and information concerning the Companies, except to the extent that such information can be shown to have been in the public domain through no fault of Seller or its Affiliates. The obligation of Seller and its Affiliates to hold any such information in confidence shall be satisfied if they exercise the same care with respect to such information as they would take to preserve the confidentiality of their own similar information.

(c) On and after the Closing Date, Seller will afford promptly to Buyer and its agents reasonable access to its books of account, financial and other records (including, without limitation, accountant's work papers), information, employees and auditors to the extent necessary or useful for Buyer in connection with any audit, investigation, dispute or litigation or any other reasonable business purpose relating to any of the Companies.

SECTION 5.03. *Company Stockholder Meeting*. Seller shall cause a meeting of its stockholders (the "**Company Stockholder Meeting**") to be duly called and held no later than 30 days after June 20, 2000 (or if Seller gives notice to Buyer pursuant to Section 5.04(c)(iv) within five Business Days prior to the expiration of such 30-day period, on the Business Day following the expiration of such five Business Day period) for the purpose of voting on the approval and adoption of this Agreement and the transactions contemplated hereby. The Board of Directors of Seller has determined to recommend approval and adoption of this Agreement and the transactions contemplated hereby by the Seller's stockholders, and will use its best efforts to obtain the necessary approvals by its stockholders of this Agreement and the transactions contemplated hereby consistent with its fiduciary obligations under Delaware law. In connection with such meeting, Seller will otherwise comply with all legal requirements applicable to such meeting.

SECTION 5.04. *No Solicitation*. (a) From June 20, 2000 until the termination hereof, neither Seller nor any of the Companies shall, nor shall Seller or any of the Companies authorize or permit any of its or their officers, directors, employees, investment bankers, attorneys, accountants, consultants or other agents or advisors to, directly or indirectly, (i) take any action to solicit, initiate, facilitate or encourage the submission of any Acquisition Proposal, (ii) enter into or participate in any discussions or negotiations with, furnish any information relating to Seller or any of the Companies or afford access to the business, properties, assets, books or records of the Seller or any of the Companies to, otherwise cooperate in any way with, or knowingly assist, participate in, facilitate or encourage any effort by any Person that is seeking to make, or has made, an Acquisition Proposal or (iii) grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of Seller or any of the Companies. Seller shall notify Buyer promptly (but in no event later than 24 hours) after receipt by Seller (or any of its officers, directors, employees, investment bankers, attorneys, accountants, consultants or other agents or advisors) of any Acquisition Proposal, any indication that a Person is seriously considering making an Acquisition Proposal or of any request for information relating to Seller or any of the Companies or for access to the business, properties, assets, books or records of Seller or any of the Companies by any Person that may be considering making, or has made, an Acquisition Proposal. Seller shall provide such notice orally and in writing and shall identify the Person making, and the terms and conditions of, any such Acquisition Proposal, indication or request. Seller shall keep Buyer fully informed, on a current basis, of the status and details of any such Acquisition Proposal, indication or request. Seller and each of the Companies shall, and shall cause its and their officers, directors, employees, investment bankers, attorneys, accountants, consultants or other agents or advisors to, cease immediately and cause to be terminated any and all existing activities, discussions or negotiations, if any, with any Person conducted prior to June 20, 2000 with respect to any Acquisition Proposal and shall use its reasonable best efforts to cause any such Person (or any of its officers, directors, employees, investment bankers, attorneys, accountants, consultants or other agents or advisors) in possession of confidential information about Seller or any of the Companies that was furnished by or on behalf of Seller to return or destroy all such information.

(b) Notwithstanding the foregoing, if (i) Seller and each of the Companies has complied with Section 5.04(a), including, without limitation, the requirement in Section 5.04(a) that Seller notifies Buyer promptly after its receipt of any Acquisition Proposal, (ii) the Board of Directors of the Seller determines in good faith by a majority vote, after consultation with its outside financial and legal advisors, that it is required to take the actions described in clauses (A) or (B) in order to comply with its fiduciary duties under applicable law, and (iii) Seller shall have delivered to Buyer prior written notice advising Buyer that it intends to take such action, then Seller, directly or indirectly through its advisors, agents or other intermediaries, may (A) furnish non-public or any other information relating to Seller or to any of the Companies and afford access to the business, properties, assets, books or records of the Seller or any of the Companies in response to a request therefor by a Person who has made an Acquisition Proposal that the Board of Directors of Seller determines in good faith could reasonably be expected to result in a Superior Proposal if such Person executes a confidentiality agreement with terms no less favorable to the Seller or any of the Companies than those contained in the Confidentiality Agreement dated as of May 11, 2000 between Seller and Buyer (a copy of which shall be provided for informational purposes only to Buyer) and (B) enter into or participate in any discussions or negotiations with any Person that has made a Superior Proposal; *provided* that, in no circumstances shall Seller, the Companies or any of their officers, directors, employees, investment bankers, attorneys, accountants, consultants or other agents or advisors disclose this Agreement or any other Transaction Agreement or any of the terms hereof or thereof to any other Person without the prior written consent of Buyer except to the extent Buyer has made any such disclosure (it being understood that the foregoing is not intended to restrict Seller or its advisors and agents from discussing structural and other issues that may be relevant to the other deal even though they may also be terms of this deal).

(c) Seller shall be permitted to terminate this Agreement, but only if (i) the Seller and the Companies have complied with the terms of this Section 5.04, (ii) a Superior Proposal is pending at the time Seller determines to take any such action, (iii) the Board of Directors of Seller determines in good faith by a majority vote, after consultation with its outside financial and legal advisors, that it is required to take such action to comply with its fiduciary duties under applicable law, (iv) Seller shall have delivered to Buyer, at least five Business Days prior to terminating this Agreement, written notice advising Buyer that it intends to take such action and providing Buyer with a copy of such Superior Proposal, (v) Buyer does not make, within such five Business Day period, an offer that the Board of Directors of Seller determines in good faith by a majority vote after consultation with its outside financial and legal advisors, to provide at least equal value to Seller's stockholders as such Superior Proposal and (vi) Seller pays to Buyer in immediately available funds, not later than the date of such termination, the fees required to be paid pursuant to Section 13.03.

SECTION 5.05. *Trademarks; Tradenames*. (a) After the Closing, none of Seller, SCB Partners or BTI nor any Subsidiary of any of them shall use any of the marks or names set forth on Section 3.16(a) of the Disclosure Letter (the "**Seller Trademarks and Tradenames**").

(b) Effective as of the Closing Date, Seller and BTI will change their respective corporate name so as not to include any Seller Trademarks and Tradenames and surrenders all of its rights, title and interests in each of the Seller Trademarks and Tradenames.

SECTION 5.06. *Resignations*. Upon Buyer's request, Seller will deliver to Buyer no later than 10 Business Days prior to the Closing Date the resignations of any or all directors of SCB United Kingdom, SCB Australia and, after the Merger, the purchase and sale of the BTI Purchased Assets and the assumption of the Assumed BTI Liabilities, the purchase of the Equity of ADV LLC and the Dividend Distribution, of BD LLC, such resignations to be effective as of the Closing Date.

SECTION 5.07. *Fund Consents*. Buyer and Seller recognize that the transactions contemplated by this Agreement shall constitute an assignment and termination of the Client Contracts under the terms thereof and the Investment Company Act. Buyer and Seller agree to use their reasonable best efforts and cooperate in obtaining such authorizations and approvals of the Board of Directors of the Registered Fund (including any separate approvals of disinterested directors) and/or the shareholders thereof, as may be reasonably required by the Investment Company Act for new contracts (the "**Fund**

Approvals"). Buyer agrees to provide such information, for provision to the Board of Directors of the Registered Fund ("**Board Materials**") or for inclusion in a proxy statement to the shareholders thereof, as may be reasonably required.

SECTION 5.08. *Non-Registered Funds and Non-Fund Client Consents*. As promptly as practicable after execution of this Agreement, (a) Seller and the Companies shall cause all Non-Registered Funds and all Non-Fund Clients, and any Non-Registered Funds and Non-Fund Clients in respect of all Client Contracts entered into by Seller or any of the Companies between the date of this Agreement and the Closing Date ("**New Clients**"), to be informed of the transactions contemplated by this Agreement, and (b) Seller and the Companies shall request (the "**First Request**") from all Non-Registered Funds and all Non-Fund Clients, including all existing clients and New Clients, a signed written consent to the transactions contemplated by this Agreement in such form as may be reasonably satisfactory to Buyer ("**Affirmative Consent**"). Seller and the Companies shall also seek the consent of Non-Registered Funds and Non-Fund Clients in the form of an implied consent not requiring an affirmative consent (a "**Negative Consent**") by sending a notice and request-for-consent letter to each client who has not delivered an Affirmative Consent between 30 and 45 days after the First Request has been mailed but in no event within 30 days prior to the Closing Date, in such form as may as may be reasonably satisfactory to Buyer. Seller and the Companies shall (a) keep Buyer informed of the status of obtaining Affirmative Consents and Negative Consents and (b) promptly deliver to Buyer prior to the Closing copies of all executed Affirmative Consents and make available for inspection the originals of such Affirmative Consents prior to the Closing.

SECTION 5.09. *ERISA Clients List*. Within 30 days following June 20, 2000, Buyer shall deliver to Seller a written list of the entities that are affiliated with or related to Buyer (the "**Buyer ERISA List**"). As soon as practicable after the date the Buyer ERISA List is delivered to Seller, but in no event later than 30 days before the Closing Date, Seller shall deliver to Buyer a written statement which identifies each Client that is an ERISA Client and lists each contract or agreement, if any, and all amendments thereto, in effect on June 20, 2000, entered into by the Companies with respect to or on behalf of any such ERISA Client, pursuant to which any of the entities identified in the Buyer ERISA List has agreed to (i) execute securities transactions; (ii) provide any other goods or services; or (iii) purchase, sell, exchange or swap securities or any other economic interest therein or derivative thereof, including but not limited to rights to receive or obligations to pay interest or principal under any debt obligation, or rights to receive or obligations to pay interest or principal denominated in a particular currency.

SECTION 5.10. *Restrictions on Dispositions of Acquired Units*.

(a) Prohibited Transfers. Except in accordance with the provisions of this Section, Seller, SCB Partners, BTI or any of their Subsidiaries shall not, directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any of the Acquired Units (or any interest therein), any security convertible, exchangeable or exercisable for or repayable with any of the Acquired Units or any security or other interest in any Person owning any of the Acquired Units (each such transaction, a "**Transfer**"). Under no circumstances shall Seller or any of its Affiliates enter into any swap, hedging transaction or other similar arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (other than any sale, assignment or pledge permitted by subsection (b)) of the Acquired Units, whether any such transaction is to be settled by delivery of Acquired Units, in cash or otherwise. SCB Partners shall be permitted to pledge the Acquired Units to BTI to secure a loan from BTI to SCB Partners of all or any portion of the BTI Consideration.

(b) Ownership of Seller. Prior to the tenth anniversary of the Closing, for so long as Seller or any of its Subsidiaries owns, directly or indirectly, any Acquired Units, Seller shall use its best efforts to ensure that its shares of capital stock are owned only by shareholders or principals of Seller as of June 20, 2000, any bona fide estate planning vehicles of such shareholders or principals of Seller and any transferees thereof in connection with the death of any such shareholder or principals of Seller. The shareholders of Seller shall be permitted to pledge their shares of Seller in connection with any bona fide loan. Buyer shall cooperate with Seller and its Affiliates in connection with bona fide estate and state tax planning transactions.

(c) Ownership Interest. (i) During each of the first two Anniversary Periods following the Closing Date, Seller and its wholly owned Subsidiaries shall at all times be the record owner and beneficial owner of a number of Acquired Units equal to or greater than 38 million *minus* the Units Revenue Run Rate Adjustment (the "**Initial Seller Ownership**").

(ii) During the third Anniversary Period following Closing, Seller and its wholly-owned Subsidiaries shall at all times be the record owner and beneficial owner of the number of Acquired Units equal to or greater than the product of Initial Seller Ownership *times* .80.

(iii) During the fourth Anniversary Period following Closing, Seller and its wholly-owned Subsidiaries shall at all times be the record owner and beneficial owner of the number of Acquired Units equal to or greater than the product of Initial Seller Ownership *times* .60.

(iv) During the fifth Anniversary Period following Closing, Seller and its wholly-owned Subsidiaries shall at all times be the record owner and beneficial owner of the number of Acquired Units equal to or greater than the product of Initial Seller Ownership *times* .40.

(v) During the sixth Anniversary Period following Closing, Seller and its wholly-owned Subsidiaries shall at all times be the record owner and beneficial owner of the number of Acquired Units equal to or greater than the product of Initial Seller Ownership *time*s .20.

(vi) This subsection (c) shall cease to apply after the sixth Anniversary Period.

(d) Permitted Transfers. Notwithstanding the first sentence of subsection (a) but subject to compliance with the other provisions of this Section, Seller, SCB Partners, BTI or any of their Subsidiaries may sell or assign (i) in the aggregate up to 2.8 million Acquired Units at any time, (ii) any Acquired Units to Seller or any of its wholly owned Subsidiaries at any time and (iii) in any Anniversary Period following the second annual anniversary of the Closing Date, (in addition to any Transfers made pursuant to clause (i) or (ii)) up to a number of Acquired Units equal to the product of the Initial Seller Ownership *times* .20, *provided* that

(A) a Transfer pursuant to clause (i) or (iii) may occur only if permitted by, and otherwise in compliance with, the then applicable internal written policies of Buyer and Alliance Holding restricting sales of Acquired Units generally applicable to senior officers (for such purpose treating the transferor as bound by such policies);

(B) except for Transfers of Public Units, a Transfer pursuant to clause (i), (ii) or (iii) may occur only if such Transfer qualifies as a private transfer pursuant to Treas. Reg. Sec.1.7704-1(e)(1)(vi) (relating to block transfers) or pursuant to comparable provisions of any amendment to such regulation;

(C) Transfers of Acquired Units pursuant to the "Purchase Obligation" as such term is defined in the Purchase Agreement shall not be applied toward the numerical limitation on Transfers imposed by clause (iii);

(D) Transfers of Buyer Units in exchange for Public Units pursuant to subsection (f) of this Section shall not be applied toward the numerical limitations on Transfers imposed by clause (iii) (it being understood that any subsequent Transfer of such Public Units shall be subject to such numerical limitation and the other provisions of this Section 5.10); and

(E) a Transfer pursuant to clause (ii) may only be made to a wholly-owned Subsidiary of Seller if such Subsidiary agrees in writing with Buyer and Alliance Holding to be bound by the provisions of this Section 5.10 and a copy of such agreement is delivered to Buyer and Alliance Holding prior to such Transfer.

Buyer shall (and shall cause its general partner to) consent to any sale or assignment by Seller, SCB Partners or any of their Subsidiaries made in compliance with this subsection (d), which shall constitute consent under the Buyer Limited Partnership Agreement

(e) Securities Laws Compliance. Except for Transfers of Acquired Units pursuant to the "Purchase Obligation" as such term is defined in the Purchase Agreement, Transfers of Public Units in a Going Private Transaction or the exchange of Public Units for Private Units pursuant to subsection (f), Seller, SCB Partners or any of their Subsidiaries or transferees shall not Transfer any Acquired Units or any other units or limited partnership interests of Buyer or Alliance Holding unless such Transfer:

(i) is made pursuant to an effective registration statement under the 1933 Act and in compliance with applicable state blue sky laws; or

(ii) may be effected without registration under the 1933 Act (and in compliance with any applicable state blue sky laws) and such Person shall have delivered to Buyer at least 10 Business Days (or in the case of Transfers pursuant to Rule 144, 2 Business Days) prior to the day the proposed Transfer is to be consummated (A) an opinion of counsel, in form and substance reasonably acceptable to Buyer or Alliance Holding, as the case may be, to the effect that the proposed Transfer may be effected without registration under the 1933 Act, or (B) a "no action" letter, in form and substance reasonably acceptable to Buyer or Alliance Holding, as the case may be, from the SEC to the effect that such Transfer without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; *provided* that an opinion of counsel or "no action" letter shall not be required (x) for a Transfer pursuant to Rule 144(k) of the 1933 Act or (y) for the removal of the portion of the legend set forth below which relates to 1933 Act restrictions based upon the termination of restrictions on sales of such Acquired Units pursuant to Rule 144(k) of the 1933 Act if the Person proposing to make such Transfer shall deliver to Buyer, in its stead, at least 2 Business Days before the proposed Transfer is to occur, a certificate in form and substance satisfactory to Buyer or Alliance Holding, as the case may be, representing that such shares are eligible for sale pursuant to Rule 144(k) and that such sale will be made in accordance with such Rule together with a summary of the bases for such representations, unless after receipt of such a certificate Buyer or Alliance Holding, as the case may be, shall reasonably determine in good faith that an opinion of counsel is required to ensure compliance with the 1933 Act and shall so notify such Person.

Except for any sale pursuant to an effective registration statement or pursuant to Rule 144 prior to any Transfer of Acquired Units or any other units or limited partnership interests of Buyer or Alliance Holding, the transferor shall cause the transferee to agree with Buyer or Alliance Holding, as the case may be, to be bound by the provisions of this subsection (e).

(f) Partnership Agreements; Exchange into Public Units. Seller, SCB Partners or any of their Subsidiaries or transferees may not Transfer any Acquired Units unless such Transfer complies with all applicable provisions, conditions and requirements of the Buyer Limited Partnership Agreement, the Alliance Holding Limited Partnership Agreement (or other governing document) and the Purchase Agreement. Alliance Holding agrees to issue Public Units to Seller and its wholly owned Subsidiaries in exchange for an equal number of Buyer Units (or in such other ratio as the general partner of Buyer or Alliance Holding may determine in accordance with Section 6.01 of the Buyer Limited Partnership Agreement or the Alliance Holding Limited Partnership Agreement, as the case may be and such exchange ratio is applicable to all holders of limited partnership interests of Buyer), so long as:

(i) the issuance of such Public Units shall be exempt from registration pursuant to the 1933 Act (and in compliance with any applicable state blue sky laws) and Alliance Holding shall have received such representations, opinions and other documentation as it may reasonably require in connection therewith;

(ii) the issuance of such Public Units shall be permitted under the terms of the Alliance Holding Limited Partnership Agreement;

(iii) The Equitable Life Assurance Society of the United States shall have granted its consent pursuant to Section 12.03(c) of the Buyer Limited Partnership Agreement to the Transfer of such Acquired Units to Alliance Holding; and

(iv) Seller provides to Buyer an opinion of outside legal counsel recognized as expert in U.S. federal income tax matters reasonably satisfactory to Buyer that such exchange constitutes a "block transfer" under Treas. Reg. Sec. 1.7704-1(e)(1)(vi) or any successor provision.

Notwithstanding anything contained herein or in the Buyer Limited Partnership Agreement, Buyer or its general partner shall not be required to consent to any Transfer of any Acquired Units (except for Transfers of Public Units) unless Buyer is satisfied that (A) it will not cause or create any material risk of Buyer being classified as a publicly traded partnership under Section 7704 of the Code and (B) such Transfer will constitute a "block transfer" under Treas. Reg. Sec. 1.7704-1(e)(1)(vi) or any successor provision.

(g) Restrictive Legend. Each certificate for units or limited partnership interests of Buyer or Alliance Holding issued to Seller, SCB Partners, BTI or any of their Subsidiaries or transferees shall (unless otherwise permitted by the provisions of this Section) include a legend in substantially the following form together with any blue sky or other appropriate legend to ensure compliance with the Transaction Agreements and applicable laws:

THE [UNITS/LIMITED PARTNERSHIP INTERESTS] REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND THE HOLDER OF THIS CERTIFICATE MAY NOT TRANSFER (AS DEFINED IN THE AMENDED AND RESTATED ACQUISITION AGREEMENT DATED AS OF OCTOBER 2, 2000 PURSUANT TO WHICH THE TRANSFER OF SUCH [UNITS/LIMITED PARTNERSHIP INTERESTS] ARE SUBJECT (THE "ACQUISITION AGREEMENT")) SUCH [UNITS/LIMITED PARTNERSHIP INTERESTS] IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND THE RULES AND REGULATIONS THEREUNDER. BY ITS ACCEPTANCE HEREOF, THE HOLDER OF THIS CERTIFICATE AGREES TO COMPLY IN ALL RESPECTS WITH SECTION 5.10 OF THE ACQUISITION AGREEMENT AND ARTICLE III OF THE PURCHASE AGREEMENT DATED AS OF JUNE 20, 2000, COPIES OF WHICH MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THIS PARTNERSHIP AT ITS PRINCIPAL EXECUTIVE OFFICES.

(h) Acquired Units. The number of Acquired Units that any Person may sell or assign pursuant to subsection (d) of this Section and the number of Acquired Units that Seller and its wholly owned Subsidiaries is required to be the record owner and beneficial owner of pursuant to subsection (c) of this Section shall be increased or decreased, as appropriate, in the event that subsequent to June 20, 2000 Buyer (i) issues or delivers any additional limited partnership interests or units as a result of the declaration or payment of a distribution to the holders of limited partnership interests or units, (ii) subdivides its outstanding limited partnership interests or units into a larger number of units, (iii) combines its outstanding limited partnership interests or units into a smaller number of limited partnership interests or units, (iv) becomes a party to any transaction (including without limitation a merger, consolidation or conversion) in which the previously outstanding units shall be changed into or exchanged for different interests of Buyer or changed into or exchanged for common stock, interests or other securities of another Person or (v) with respect to any Public Units included in the Acquired Units, the general partner of Alliance Holding adjusts the exchange ratio of Public Units for Buyer Units pursuant to Section 6.01 of the Alliance Holding Limited Partnership Agreement and such exchange ratio is applicable to all holders of limited partnership interests of Buyer.

(i) Going Private Transaction. Notwithstanding any provision to the contrary in this Agreement, Seller and each of its wholly-owned Subsidiaries shall be entitled to dispose of in a Going Private Transaction such number of Acquired Units as the person or persons effecting such Going Private Transaction shall offer to acquire pursuant to such Going Private Transaction so long as Seller and each of its wholly-owned Subsidiaries offer such person or persons on the terms set forth in such Going Private Transaction all of the Acquired Units that Seller and its wholly-owned Subsidiaries own either of record or beneficially.

SECTION 5.11. *Pro Forma Income Statement*. Seller will, and will cause each of the Companies to, cooperate with Buyer in preparing (i) the unaudited combined pro forma statement of income of the Companies for the year ended December 31, 1999 relating to the unaudited combined pro forma balance sheet of the Companies as of December 31, 1999 and (ii) the unaudited interim combined pro forma statement of income of the Companies for the six month period ending June 30, 2000 relating to the unaudited interim combined pro forma balance sheet of the Companies as of June 30, 2000, in each case to be used in the preparation of Buyer's or Alliance Holding's proxy statements related to the transactions contemplated hereby, if required.

ARTICLE 6

COVENANTS OF BUYER

Buyer agrees that:

SECTION 6.01. *Access*. Buyer will cause each of the Companies, on and after the Closing Date, to afford promptly to Seller and its agents reasonable access to their offices, properties, books, records, employees and auditors to the extent necessary to permit Seller to determine any matter relating to its rights and obligations hereunder or to any period ending on or before the Closing Date; *provided* that any such access by Seller shall not unreasonably interfere with the conduct of the business of Buyer. Seller will hold, and will use its best efforts to cause its officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all confidential documents and information concerning any of the Companies provided to it pursuant to this Section 6.01.

SECTION 6.02. *Extraordinary Distributions*. (a) From June 20, 2000 through and including the Closing Date, Buyer will not repurchase, redeem or otherwise acquire any outstanding Buyer Units or other securities of, or other ownership interests in, Buyer at a premium above the market price of Public Units (other than pursuant to Buyer's employee plans).

(b) In the event that prior to the Closing there is any distribution (other than a cash distribution in the ordinary course of business consistent with past practice), reclassification, stock split (including a reverse split), or other similar transaction, the number of Buyer Units in the Units Purchase Price shall be adjusted equitably to reflect such event; *provided* that in the case of a distribution of a new class or series of Buyer Units to holders of such units, a spin-off or a reclassification of Buyer Units, in addition to the Units Purchase Price, Seller will receive the same consideration as Seller would have received had it been the record owner of the Units Purchase Price less the Units Revenue Run Rate Adjustment on the record date of such distribution, spin-off or reclassification.

SECTION 6.03. *Seller Board and Committee Representation*. (a) On the Closing Date, (i) Sanders and Hertog will be appointed to Buyer's Management Compensation Committee, (ii) the name of Buyer's Management Compensation Committee will be changed to the Executive Committee and (iii) a committee comprised of Sanders, Hertog and any other individuals to be selected from time to time by Sanders and Hertog in their sole discretion from the SCB Committee Replacement List (the "**SCB Committee**") will be established.

(b) The SCB Committee will continue to exist at least through the date that is three years after the Closing Date. Prior to such date, if either Sanders or Hertog terminates his employment for any reason, Sanders or Hertog, as the case may be, shall immediately cease to be a member of the SCB Committee and the Executive Committee. In such event, a replacement will be appointed to the SCB Committee by Sanders or Hertog or, if neither of them is available, by Seller, and in the case of the Executive Committee, such replacement to be selected by Buyer in its sole discretion from the SCB Committee Replacement List.

SECTION 6.04. *Unitholder Meeting*. If any transaction contemplated by this Agreement requires approval by the New York Stock Exchange, the listing rules of the New York Stock Exchange or any listing requirement between Alliance Holding and the New York Stock Exchange, Buyer or Alliance Holding, as applicable, shall each cause a meeting of its limited partners and, as applicable, unitholders (each, a "**Unitholder Meeting**") to be duly called and held as promptly as is reasonably practicable after June 20, 2000 for the purpose of voting on the approval and adoption of this Agreement and the transactions contemplated hereby; *provided* that, each of Alliance Holding and Buyer shall convene its Unitholder Meeting no later than 45 days after the date on which its respective proxy statement has received approval from the SEC and has been promptly printed for mailing. Subject to the exercise of fiduciary obligations as required under Delaware law, (i) the Board of Directors of ACMC shall recommend approval and adoption of this Agreement and the transactions contemplated hereby by the limited partners of Buyer or the limited partners and unitholders of Alliance Holding, as applicable, and (ii) Buyer or Alliance Holding will use its or their best efforts to obtain the necessary approvals by its or their limited partners and, as applicable, unitholders of this Agreement and the transactions contemplated hereby. In connection with such meeting, Buyer or Alliance Holding, as applicable, as the case may be, will otherwise comply with all legal requirements applicable to such meeting.

SECTION 6.05. *Stock Exchange Listing*. So long as Public Units are listed on the New York Stock Exchange, Alliance Holding shall use its best efforts to cause any Public Units that may be issued to Seller or SCB Partners in exchange for Buyer Units, to be listed on the New York Stock Exchange, subject to official notice of issuance.

SECTION 6.06. *Seller's UK Lease Guarantee*. Buyer shall assume Seller's obligations in connection with SCB United Kingdom's lease and shall indemnify and hold Seller harmless thereon.

SECTION 6.07. *Constituent Documents; Unit Terms*. Except as otherwise set forth in this Agreement, from and after June 20, 2000 through the Closing Date, Buyer shall not:

(i) make any amendment to Buyer's constituent documents or the terms of the Buyer Units, in each case, that would have an adverse effect on the rights of Seller or SCB Partners under the terms of the Acquired Units as if Seller or SCB Partners were the beneficial owner of the

Acquired Units as of the effective date of such amendment, that is different from the effect such amendment would have on the rights of the limited partners of Buyer as of the effective date of such amendment; or

(ii) agree or commit to do any of the foregoing.

ARTICLE 7

COVENANTS OF BUYER AND SELLER

Buyer and Seller agree that:

SECTION 7.01. *Best Efforts; Further Assurances*. (a) Subject to the terms and conditions of this Agreement and the other Transaction Documents, Buyer and Seller will use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable laws and regulations to consummate the transactions contemplated by this Agreement and the other Transaction Documents. In furtherance and not in limitation of the foregoing, each of Buyer and Seller agrees to make appropriate filings pursuant to applicable Antitrust Laws, including a Notification and Report Form pursuant to the HSR Act and any applicable filings in Australia, Canada, the United Kingdom and the European Union with respect to the transactions contemplated hereby as promptly as practicable after June 20, 2000 and to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and to take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable; *provided* that, neither Buyer nor Seller (or any of their Affiliates) shall be required to divest any material assets or business, accept any material restrictions on its assets or business or any assets or business to be acquired hereunder or to consent to any consent decree with the FTC, DOJ or any other governmental authority.

(b) In connection with the efforts referenced in Section 7.01(a) to obtain all requisite approvals and authorizations for the transactions contemplated by this Agreement under the HSR Act or any other Antitrust Law, each of Buyer and Seller shall use its reasonable best efforts to cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party, keep the other party informed in all material respects of any material communication received by such party from, or given by such party to, the Federal Trade Commission (the "**FTC**"), the Antitrust Division of the Department of Justice (the "**DOJ**") or any other governmental authority and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated by this Agreement and permit the other party to review any material communication given by it to, and consult with each other in advance of and be permitted to attend any meeting or conference with, the FTC, the DOJ or any such other governmental authority or, in connection with any proceeding by a private party, with any other Person. For purposes of this Agreement, "**Antitrust Laws**" means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, and all other federal, state and foreign, if any, statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

(c) Seller and Buyer agree, and Seller, prior to the Closing, and Buyer, after the Closing, agree to cause each of the Companies, to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

SECTION 7.02. *Certain Filings*. Seller and Buyer shall cooperate with one another (i) in determining whether any action by or in respect of, or filing with, any governmental body, agency, official or authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by this Agreement and (ii) in taking such actions or making any such filings, furnishing information required in connection therewith and seeking timely to obtain any such actions, consents, approvals or waivers.

SECTION 7.03. *Public Announcements*. The parties shall agree on the terms of the press release that announces the transactions contemplated hereby and thereafter agree to consult with each other before issuing any press release or making any public statement with respect to this Agreement or the transactions contemplated hereby, including any press releases the making of which may be required by applicable law or any listing agreement with any national securities exchange.

SECTION 7.04. *Notices of Certain Events*. Seller and Buyer shall each promptly notify the other of:

(a) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(b) any notice or other communication from any governmental or regulatory agency or authority in connection with the transactions contemplated by this Agreement;

(c) in the case of Seller, any actions, suits, claims, investigations or proceedings commenced or, to its knowledge threatened against, relating to or involving or otherwise affecting Seller or any of the Companies that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.13 or that relate to the consummation of the transactions contemplated by this Agreement; and

(d) in the case of Buyer, any actions, suits, claims, investigations or proceedings commenced or, to its knowledge threatened against, relating to or involving or otherwise affecting Buyer that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 4.03 or that relate to the consummation of the transactions contemplated by this Agreemen0t or any of the other Transaction Agreements.

SECTION 7.05. *Intercompany Accounts*. Except with respect to amounts relating to employee loans, employee margin indebtedness, investment management contracts and employee compensation, all receivables, payables and other obligations between Seller or its Affiliates, on the one hand, and any of the Acquired Companies, on the other hand, shall be settled (irrespective of the terms of payment of such intercompany accounts) prior to the Closing; *provided* that Seller shall and shall cause the Companies to estimate the amount of any royalties due to BTI as of the Closing and to pay such estimated amount to BTI prior to the Closing.

SECTION 7.06. *Certain Post-Closing Fund Matters*. Buyer and Seller acknowledge that the transactions contemplated by this Agreement are intended to qualify for the treatment described in Section 15(f) of the Investment Company Act. In this regard, the Buyer and Seller shall, and from and after the Closing shall cause the Buyer to, (i) use all reasonable efforts to assure that, for a period of three years after the Closing Date, at least 75% of the Board of Directors of each Registered Fund or any permitted successor thereto are not "interested persons" of the Buyer, Seller or the Companies, as that term is defined under applicable provisions of the Investment Company Act and interpreted by the SEC; and (ii) refrain from imposing or seeking to impose, for a period of two years after the Closing Date, any "unfair burden" on any Registered Fund, within the meaning of the Investment Company Act.

ARTICLE 8

TAX MATTERS

SECTION 8.01. *Tax Definitions*. The following terms, as used herein, have the following meanings:

"**Acquired Companies**" means BD LLC and its predecessor SCB New York, ADV LLC, SCB United Kingdom and SCB Australia.

"**Buyer Indemnitee**" means Buyer, ACM LLC, any of their Affiliates and, effective upon the Closing, any of the Acquired Companies.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Combined Tax**" means any income or franchise Tax payable to any state, local or foreign taxing jurisdiction in which any of the Acquired Companies has filed or will file a Return with Seller on an affiliated, consolidated, combined or unitary basis with respect to such Tax.

"**Final Determination**" shall mean (i) any final determination of liability in respect of a Tax that, under applicable law, is not subject to further appeal, review or modification through proceedings or otherwise (including the expiration of a statute of limitations or a period for the filing of claims for refunds, amended returns or appeals from adverse determinations), including a "determination" as defined in Section 1313(a) of the Code or execution of an Internal Revenue Service Form 870AD or (ii) the payment of Tax by Buyer, Seller or any of their Affiliates, whichever is responsible for payment of such Tax under applicable law, with respect to any item disallowed or adjusted by a Taxing Authority, provided that such responsible party determines that no action should be taken to recoup such payment and the other party agrees.

"**Post-Closing Tax Period**" means any Tax period beginning after the Closing Date; and, with respect to a Tax period that begins on or before the Closing Date and ends thereafter, the portion of such Tax period beginning after the Closing Date.

"**Pre-Closing Tax Period**" means any Tax period ending on or before the Closing Date; and, with respect to a Tax period that begins on or before the Closing Date and ends thereafter, the portion of such Tax period ending on the Closing Date.

"**Tax**" means (i) any tax of any kind whatsoever (including, but not limited to, taxes collected by withholding from amounts paid to or by any Person), together with any interest, penalty, addition to tax or additional amount imposed by any governmental authority (a "**Taxing Authority**") responsible for the imposition of any such tax (domestic or foreign), and any liability for any of the foregoing as transferee, (ii) in the case of any of the Acquired Companies, liability for the payment of any amount of the type described in clause (i) as a result of being or having been before the Closing Date a member of an affiliated, consolidated, combined or unitary group, or a party to any agreement or arrangement, as a result of which liability of any of the Acquired Companies to a Taxing Authority is determined or taken into account with reference to the activities of any other Person, (iii) liability for the payment of any amount of the type described in clause (i) as a result of having such Acquired Company's income or assets included in the taxable income of another person before the Closing Date, and (iv) liability of any of the Acquired Companies for the payment of any amount as a result of being party to any Tax Sharing Agreement or with respect to the payment of any amount imposed on any person of the type described in (i) or (ii) as a result of any existing express or implied agreement or arrangement (including, but not limited to, an indemnification agreement or arrangement but excluding this Agreement and any Transaction Agreement), in each case entered into by such Company prior to Closing.

"**Tax Asset**" means any net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or any other credit or tax attribute that could be carried forward or back to reduce Taxes (including without limitation deductions and credits related to alternative minimum Taxes).

"**Tax Sharing Agreements**" means all existing agreements or arrangements (whether or not written) binding Seller or any of the Companies that provide for the allocation, apportionment, sharing or assignment of any Tax liability or benefit, or the transfer or assignment of income, revenues, receipts, or gains for the purpose of determining any person's Tax liability (including without limitation the understanding or arrangement between BTI and SCB New York with respect to California income tax and excluding any indemnification agreement or arrangement pertaining to the sale or lease of assets or subsidiaries).

SECTION 8.02. *Tax Representations*. Seller represents and warrants to Buyer as of June 20, 2000 and as of the Closing Date that:

(a) *Filing and Payment*. Except as set forth in Section 8.02(a) of the Disclosure Letter, (i) all material Tax returns, statements, reports and forms (including estimated tax or information returns and reports) ("**Returns**") required to be filed with any Taxing Authority with respect to any Pre-Closing Tax Period by or on behalf of Seller or any of the Companies, have, to the extent required to be filed on or before June 20, 2000, been filed when due in accordance with all applicable laws; (ii) as of the time of filing, such Returns were true and complete in all material respects; and (iii) all Taxes shown as due and payable on such Returns that have been filed have been timely paid, or withheld and remitted to the appropriate Taxing Authority.

(b) *Procedure and Compliance*. Except as set forth in Section 8.02(b) of the Disclosure Letter, (i) all Returns filed with respect to Tax years of Seller and each of the Companies through the Tax year ended December 31, 1998 have been examined and closed or are Returns with respect to which the applicable period for assessment under applicable law, after giving effect to extensions or waivers, has expired; (ii) neither Seller nor any of the Companies is delinquent in the payment of any Tax or has requested any extension of time within which to file any Return and has not yet filed such Return; (iii) neither Seller nor any of Companies (and no member of any affiliated, consolidated, combined or unitary group of which Seller or any of the Companies is or has been a member) has granted any extension or waiver of the statute of limitations period applicable to any Return, which period (after giving effect to such extension or waiver) has not yet expired; (iv) there is no claim, audit, action, suit, proceeding, or investigation now pending or threatened against or with respect to Seller or any of the Companies in respect of any Tax or Tax Asset; (v) no adjustment that would increase the Tax liability, or reduce any Tax Asset, of any of the Companies has been made, proposed or threatened by a Taxing Authority during any audit of a Pre-Closing Tax Period which could reasonably be expected to have a material effect on a Post-Closing Tax Period; (vi) there are no requests for rulings or determinations in respect of any Tax or Tax Asset pending between any of the Companies and any Taxing Authority; and (vii) neither Seller nor any of the Companies has received a tax opinion with respect to any transaction not in the ordinary course of business relating to any of the Companies or Seller, to the extent such transaction could reasonably be expected to have a material adverse tax effect on any Acquired Company with respect to a Post-Closing Tax Period.

(c) *Taxing Jurisdictions*. Section 8.02(c) of the Disclosure Letter contains a list of all jurisdictions (whether foreign or domestic) to which any material Tax is properly payable by Seller or any of the Companies.

(d) *Tax Sharing, Consolidation and Similar Arrangements*. Except as set forth in Section 8.02(d) of the Disclosure Letter, (i) neither Seller nor any of the Companies has been a member of an affiliated, consolidated, combined or unitary group other than one of which Seller was the common parent, or made any election or participated in any arrangement whereby any Tax liability or any Tax Asset of any of the Acquired Companies was determined or taken into account for Tax purposes with reference to or in conjunction with any Tax liability or any Tax Asset of any other person; (ii) neither Seller nor any of the Companies is party to any Tax Sharing Agreement or to any other agreement or arrangement referred to in clause (ii) or (iii) of the definition of "Tax"; (iii) no amount of the type described in clause (ii) or (iii) of the definition of "Tax" is currently payable by Seller or any of the Companies, regardless of

whether such Tax is imposed on that Person; and (iv) neither Seller nor any of the Companies has entered into any agreement or arrangement with any Taxing Authority with regard to the Tax liability of Seller or any of the Companies affecting any Tax period for which the applicable statute of limitations, after giving effect to extensions or waivers, has not expired.

(e) *Certain Agreements and Arrangements*. Except as set forth in Section 8.02(e) of the Disclosure Letter, (i) neither Seller nor any of the Companies is a direct or indirect beneficiary of a guarantee of tax benefits or any other arrangement that has the same economic effect (including an indemnity from a seller or lessee of property, or other insurance) with respect to any transaction or tax opinion relating to the investment advisory and broker-dealer businesses of the Seller or any of the Companies; (ii) neither Seller nor any of the Companies is a party to any transaction entered into in connection with such businesses which is described in, or substantially similar to the transactions listed in, Internal Revenue Service Notice 2000-15; (iii) during the five-year period ending on June 20, 2000, neither Seller nor any of the Companies was a distributing corporation or a controlled corporation in a transaction intended to be governed by Section 355 of the Code, and (iv) neither Seller nor any of the Companies has participated in or cooperated with an international boycott within the meaning of Section 999 of the Code or has been requested to do so in connection with any transaction or proposed transaction.

(f) *Post-Closing Attributes*. Except as set forth in Section 8.02(f) of the Disclosure Letter, (i) none of the Acquired Companies will be required to include any adjustment in taxable income for any Post-Closing Tax Period under Section 481(c) of the Code (or any similar provision of the Tax laws of any jurisdiction) as a result of a change in method of accounting for a Pre–Closing Tax Period and (ii) none of the Acquired Companies will be required to include for a Post-Closing Tax Period taxable income attributable to income economically realized in a Pre-Closing Tax Period as a result of the installment method or the look-back method (as defined in Section 460(b) of the Code).

(g) *Property and Leases*. Except as set forth in Section 8.02(g) of the Disclosure Letter, (i) neither Seller nor any of the Companies owns an interest in real property in any jurisdiction in which a Tax is imposed, or the value of the interest is reassessed, on the transfer of an interest in real property and which treats the transfer of an interest in an entity that owns an interest in real property as a transfer of the interest in real property; (ii) none of the property owned or used by Seller or any of the Companies is subject to a tax benefit transfer lease executed in accordance with Section 168(f)(8) of the Internal Revenue Code of 1954, as amended; (iii) none of the Acquired Companies and no Affiliate of an Acquired Company is party to a lease of tangible property, other than a lease that is, for U.S. federal income tax purposes, a "true" lease under which such Acquired Company or Affiliate owns or uses the property subject to the lease; (iv) none of the Acquired Companies and no Affiliate of any of the Acquired Companies is party to a lease arrangement involving a defeasance of rent, interest or principal; and (v) none of the property owned by any of the Acquired Companies is "tax-exempt use property" within the meaning of Section 168(h) of the Code.

(h) *Certain Elections*. Except as set forth in Section 8.02(h) of the Disclosure Letter, (i) no election has been made under Treas. Reg. Sec. 301.7701-3 or any similar provision of Tax law to treat any of the Acquired Companies or any Affiliate of any of the Acquired Companies as an association, corporation or partnership; (ii) each of the Acquired Companies is or once formed will be disregarded as an entity for U.S. federal Tax purposes (including pursuant to an election under Section 1361(b)(3)(B)(ii) of the Code); (iii) a protective carryover election has been filed in connection with each transaction consummated by any of the Companies prior to January 20, 1994 that constituted a "qualified stock purchase" within the meaning of Section 338 of the Code; (iv) none of Seller, any of the Companies and any other person on behalf of any of the Companies has entered into any agreement or consent pursuant to Section 341(f) of the Code and (v) SCB Partners will be at all times up to and including the Closing a qualified subchapter S subsidiary within the meaning of Section 1361(b)(3)(B) of the Code.

(i) *S Corporation Status*. On the date set forth in paragraphs (i) or (ii), as the case may be, of Section 8.02(i) of the Disclosure Letter, each of the entities identified below made an election as described herein.

(i) Seller made a valid election under Subchapter S of the Code to which all Persons who were shareholders on the date of such election gave their (and if necessary each shareholder's spouse gave his or her) consent. Since such election was made, Seller's status as an S corporation has not terminated pursuant to Section 1362(d) of the Code.

(ii) SCB New York made a valid election under Subchapter S of the Code to which all Persons who were shareholders on the date of such election gave their (and if necessary each shareholder's spouse gave his or her) consent. During the period such election was in force, SCB New York's status as an S corporation was not terminated pursuant to Section 1362(d) of the Code.

(iii) On and following the respective dates on which Seller or SCB New York, as applicable, became an S corporation and through June 20, 2000 (in the case of Seller) or the date set forth in Section 8.02(i)(iv) of the Disclosure Letter (in the case of SCB New York), (A) the only authorized and outstanding shares of capital stock of Seller or SCB New York have been the shares of Common Stock, (B) no Person other than an individual, a trust described in Section 1361(c)(2) or (d)(3) of the Code or an estate has been the record or beneficial owner of any shares of such Common Stock (or any interest therein), (C) solely individuals, trusts or estates, numbering not more than the maximum number of shareholders permitted under, and as determined for purposes of, Section 1361(b)(1) of the Code (as in effect from time to time during the relevant period), have been the record or beneficial owners of such Common Stock (or any interest therein) at any time, (D) no Person who has been the record or beneficial owner of any such Common Stock (or any interest therein), or such Person's spouse, has been a nonresident alien within the meaning of Section 1361(b)(1)(C) of the Code or a dual resident taxpayer within the meaning of Treas. Reg. Sec. 301.7701(b)-7(a)(1), (E) neither Seller nor SCB New York has been an "ineligible corporation" within the meaning of Section 1361(b)(2) of the Code, (F) neither Seller nor SCB New York has issued or entered into any indebtedness other than indebtedness which constitutes "straight debt" within the meaning of Section 1361(c)(5) of the Code and Treas. Reg. Sec. 1.1361-1(l)(5), (G) none of Seller, SCB New York and any Person who has been the record or beneficial owner of any such Common Stock (or any interest therein) has entered into any binding agreements relating to rights to distributions and liquidation proceeds in respect of such Common Stock, or any other agreement with respect to such Common Stock, including, but not limited to, buy-sell agreements, agreements restricting the transferability of such Common Stock, or redemption agreements (other than the Shareholders' Agreement), (H) neither Seller nor SCB New York has acquired the assets of any other corporation in a transaction described in Section 381(a) of the Code, and (I) neither Seller nor SCB New York has owned 50% or more in vote or value of the stock (including any instrument or interest that constitutes stock for U.S. federal income tax purposes) of any corporation or has entered into any partnership, joint venture, marketing or other similar contract or arrangement with any Person, excluding in each case the Companies and Sanford C. Bernstein & Co. Advanced Value Fund L.P.

(iv) SCB New York and BTI are, and have been since the date set forth in Section 8.02(i)(iv) of the Disclosure Letter, qualified subchapter S subsidiaries, within the meaning of Section 1361(b)(3)(B). On and following the respective dates on which SCB New York or BTI, as applicable, became a qualified subchapter S subsidiary and through June 20, 2000, (A) the only authorized and outstanding shares of capital stock of SCB New York or BTI have been the shares of Common Stock, (B) neither SCB New York nor BTI has issued or entered into any indebtedness other than indebtedness which constitutes "straight debt" within the meaning of Section 1361(c)(5) of the Code and Treas. Reg. Sec. 1.1361-1(l)(5), (C) none of Seller, SCB New York, BTI and any Person who has been the record or beneficial owner of any such Common Stock (or any interest therein) has entered into any binding agreements relating to rights to distributions and liquidation proceeds in respect of such Common Stock, or any other agreement with respect to such Common Stock, including, but not limited to, buy-sell agreements, agreements restricting the transferability of such Common Stock, or redemption agreements other than the Shareholders' Agreement, (D)

neither SCB New York nor BTI has acquired the assets of any other corporation in a transaction described in Section 381(a) of the Code, and (E) neither SCB New York nor BTI has owned 50% or more in vote or value of the stock (including any instrument or interest that constitutes stock for U.S. federal income tax purposes) of any corporation or has entered into any partnership, joint venture, marketing or other similar contract or arrangement with any Person, excluding in each case the Companies and Sanford C. Bernstein & Co. Advanced Value Fund L.P.

(v) The Principals' Profit-Sharing Pool complies and has complied at all times with the requirements of the Treas. Reg. Sec. 1.1361-1(b)(4). None of Seller, SCB New York and BTI has issued or entered into any restricted stock, deferred compensation or profit-sharing plans, call options, warrants or similar instruments with respect to its stock, stock appreciation rights, convertible debt instruments, stock-based employee incentive plans, or other similar instruments, obligations or arrangements other than the Principals' Profit-Sharing Pool that could be treated as a second class of stock under Section 1361 of the Code and Regs. §1.1361-1.

SECTION 8.03. *Covenants*. (a) Without the prior written consent of Buyer (which shall not be unreasonably withheld), neither Seller nor any of the Companies shall, to the extent it may affect or relate to any of the Acquired Companies, make or change any Tax election, change any annual Tax accounting period, adopt or change any method of Tax accounting, file any amended Return, enter into any closing agreement, settle any Tax claim or assessment, surrender any right to claim a Tax refund, offset or other reduction in Tax liability, consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment or take or omit to take any other action, if any such action or omission would have the effect of increasing the Tax liability or reducing any Tax Asset of any of the Acquired Companies, Buyer or any Affiliate of Buyer.

(b) All Returns required to be filed by Seller or any of the Companies on or after the Closing Date with respect to any period beginning prior to the Closing (i) will be filed when due in accordance with all applicable laws and (ii) as of the time of filing, will be true and complete in all material respects.

(c) Seller shall include the relevant Acquired Companies in any Combined Tax Return through the close of business on the Closing Date.

(d) Prior to the Closing, none of the Acquired Companies shall make any payment of, or in respect of, any Tax to any person or any Taxing Authority, except to the extent such payment is in respect of a Tax that is due or payable or has been properly estimated in accordance with applicable law as applied in a manner consistent with past practice of Seller.

(e) Fifty percent (50%) of all transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with transactions contemplated by this Agreement (including any real property transfer tax and any similar Tax) shall be paid by each of Buyer and Seller when due. Each of Buyer and Seller will, at its own expense, file all necessary Tax returns and other documentation with respect to all such Taxes and fees, and, to the extent required by applicable law, each of Seller and Buyer will, and will cause its Affiliates to, join in the execution of any such Tax returns and other documentation.

(f) Seller and Buyer agree to treat the transactions described in Sections 2.02 through 2.04 as occurring as of the close of business on the Closing Date in the order described in Article 2 for all tax purposes. Accordingly, Seller will include in its taxable income all amounts earned by Seller or any of the Companies prior to or on the Closing Date.

SECTION 8.04. *Tax Sharing*. Any and all existing Tax Sharing Agreements to which an Acquired Company is a party shall be terminated as of the Closing Date. After the Closing Date, none of the Acquired Companies shall have any further rights or liabilities thereunder. Seller shall compensate Buyer for and hold the Acquired Companies harmless against any Tax resulting from such termination.

SECTION 8.05. *Cooperation on Tax Matters*. (a) Buyer and Seller shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the preparation and filing of any Return, any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer and Seller agree (i) to retain all books and records with respect to Tax matters pertinent to the Companies relating to any Pre-Closing Tax Period, and to abide by all record retention agreements entered into with any Taxing Authority, and (ii) to give the other party reasonable written notice prior to destroying or discarding any such books and records and, if the other party so requests, Buyer or Seller, as the case may be, shall allow the other party to take possession of such books and records.

(b) Buyer and Seller further agree, upon request, to use all reasonable efforts to obtain any certificate or other document from any governmental authority or customer of any of the Acquired Companies or any other person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including but not limited to with respect to the transactions contemplated hereby).

SECTION 8.06. *Seller Tax Indemnification*. (a) Seller hereby indemnifies each Buyer Indemnitee against and agrees to hold each Buyer Indemnitee harmless from any (w) liability of any Buyer Indemnitee with respect to Tax of Seller or any of the Acquired Companies described in clause (i) of the definition of Tax imposed with respect to any Pre-Closing Tax Period including by reason of (1) the Seller's (or any predecessor's) failure to qualify as an S corporation within the meaning of Section 1361 of the Code or (2) SCB New York's (or any predecessor's) failure to qualify as a qualified subchapter S subsidiary within the meaning of Section 1361 of the Code, (x) any other liability for Tax described in clause (ii), (iii) or (iv) of the definition of Tax, (y) Tax (including any increase in Tax due to the loss of amortization deductions or other similar items) of any of the Acquired Companies resulting directly from a breach of the provisions of Section 8.02 or Section 8.03, but not from any adjustment to the Cash Purchase Price or Units Purchase Price resulting from such breach and (z) liabilities, costs, expenses (including, without limitation, reasonable expenses of investigation and attorneys' fees and expenses), losses, damages, assessments, settlements or judgments arising out of or incident to the imposition, assessment or assertion of any Tax described in (v), (w), (x) or (y), (the sum of (w), (x), (y), and (z) being referred to herein as a "**Loss**"); *provided* that Seller shall have no liability for the payment of any Loss attributable to or resulting from an election made by Buyer under Section 338 of the Code or any comparable provision of applicable law and the Seller shall not be liable for Losses arising in connection with its indemnification obligation under this Section 8.06(a) until (and only to the extent) the amount of such Losses exceeds $10,000 in the aggregate.

(b) For purposes of this Section and Section 8.07, in the case of any Taxes that are imposed on a periodic basis and are payable for a Tax period that includes (but does not end on) the Closing Date, the portion of such Tax related to the portion of such Tax period ending on and including the Closing Date shall (x) in the case of any Taxes other than gross receipts, sales or use Taxes and Taxes based upon or related to income, be deemed to be the amount of such Tax for the entire Tax period multiplied by a fraction the numerator of which is the number of days in the Tax period ending on and including the Closing Date and the denominator of which is the number of days in the entire Tax period, and (y) in the case of any Tax based upon or related to income and any gross receipts, sales or use Tax, be deemed equal to the amount which would be payable if the relevant Tax period ended on and included the Closing Date. All determinations necessary to give effect to the allocation set forth in the foregoing clause (y) shall be made in a manner consistent with prior practice of the relevant Acquired Company.

(c) Not later than 30 days after receipt by Seller of written notice from Buyer stating that any Loss has been incurred by a Buyer Indemnitee and the amount thereof and of the indemnity payment requested, Seller shall discharge its obligation to indemnify the Buyer Indemnitee against such Loss by paying to Buyer an amount equal to the amount of such Loss promptly after the conclusion of any contest with a Taxing Authority respect thereto. Notwithstanding the foregoing, if Buyer provides Seller with written notice of a Loss at least 30 days prior to the date on which the relevant Loss is required to be paid by any Buyer Indemnitee, within that 30-day period Seller shall discharge its obligation to indemnify the Buyer Indemnitee against such Loss by making payments

to the relevant Taxing Authority or Buyer, as directed by Buyer, in an aggregate amount equal to the amount of such Loss. The payment by a Buyer Indemnitee of any Loss shall not relieve Seller of its obligation under this Section 8.06.

(d) Buyer agrees to give prompt notice to Seller of any Loss or the assertion of any claim, or the commencement of any suit, action or proceeding in respect of which indemnity may be sought hereunder which Buyer deems to be within the ambit of this Section 8.06 (specifying with reasonable particularity the basis therefor) and will give Seller such information with respect thereto as Seller may reasonably request. Seller may, at its own expense, (i) participate in and (ii) upon notice to Buyer, assume the defense of any such suit, action or proceeding (including any Tax audit); *provided* that (A) Seller's counsel is reasonably satisfactory to Buyer, (B) Seller shall thereafter consult with Buyer upon Buyer's reasonable request for such consultation from time to time with respect to such suit, action or proceeding (including any Tax audit) and (C) Seller shall not, without Buyer's consent, agree to any settlement with respect to any Tax if such settlement could adversely affect the Tax liability of Buyer, any of its Affiliates or, upon the Closing, any of the Acquired Companies. If Seller assumes such defense, (1) Buyer shall have the right (but not the duty) to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by Seller and (2) Seller shall not assert that the Loss, or any portion thereof, with respect to which Buyer seeks indemnification is not within the ambit of this Section 8.06. If Seller elects not to assume such defense, Buyer may pay, compromise or contest the Tax at issue at its sole discretion. Whether or not Seller chooses to defend or prosecute any claim, all of the parties hereto shall cooperate in the defense or prosecution thereof.

(e) Seller shall not be liable under this Section 8.06 with respect to any Tax resulting from a claim or demand the defense of which Seller was not offered the opportunity to assume as provided under Section 8.06(d). No investigation by Buyer or any of its Affiliates at or prior to the Closing Date shall relieve Seller of any liability hereunder.

(f) Any claim of any Buyer Indemnitee (other than Buyer) under this Section may be made and enforced by Buyer on behalf of such Buyer Indemnitee.

SECTION 8.07. *Buyer Tax Indemnification*. (a) Buyer hereby indemnifies Seller against and agrees to hold Seller harmless from any (w) liability of Seller with respect to Tax of any of the Acquired Companies described in clause (i) of the definition of Tax related to a Post-Closing Tax Period, (x) any other liability for Tax described in clause (ii), (iii) or (iv) of the definition of Tax, after replacing, in each such clause, the phrase "before the Closing" with the phrase "after the Closing", (y) Tax resulting from any breach of Section 8.07(e) and (z) liabilities, costs, expenses (including, without limitation, reasonable expenses of investigation and attorneys' fees and expenses), losses, damages, assessments, settlements or judgments arising out of or incident to the imposition, assessment or assertion of any Tax described in (w), (the sum of (w), (x), (y) and (z) being referred to herein as a "**Seller Loss**"); *provided*, that the Buyer shall not be liable for Seller Losses arising in connection with its indemnification obligation under this Section 8.07 hereof until (and only to the extent) the amount of such Seller Losses exceeds $10,000 in the aggregate.

(b) Not later than 30 days after receipt by Buyer of written notice from Seller stating that any Seller Loss has been incurred and the amount thereof and of the indemnity payment requested, Buyer shall discharge its obligation to indemnify the Seller against such Seller Loss by paying to Seller an amount equal to the amount of such Seller Loss. Notwithstanding the foregoing, if Seller provides Buyer with written notice of a Seller Loss at least 30 days prior to the date on which the relevant Seller Loss is required to be paid by Seller, within that 30-day period Buyer shall discharge its obligation to indemnify the Seller against such Seller Loss by making payments to the relevant Taxing Authority or Seller, as directed by Seller, in an aggregate amount equal to the amount of such Seller Loss.

(c) Seller agrees to give prompt notice to Buyer of any Seller Loss or the assertion of any claim, or the commencement of any suit, action or proceeding in respect of which indemnity may be sought hereunder which Seller deems to be within the ambit of this Section 8.07 (specifying with reasonable particularity the basis therefor) and will give Buyer such information with respect thereto as Buyer may reasonably request. Buyer may, at its own expense and upon notice to Seller, assume the defense of any such suit, action or proceeding (including any Tax audit); *provided* that (A) Buyer's counsel is reasonably satisfactory to Seller, and (B) Buyer shall thereafter consult with Seller upon Seller's reasonable request for such consultation from time to time with respect to such suit, action or proceeding (including any Tax audit). If Buyer assumes such defense, (1) Seller shall have the right (but not the duty) to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by Buyer and (2) Buyer shall not assert that the Seller Loss, or any portion thereof, with respect to which Seller seeks indemnification is not within the ambit of this Section 8. If Buyer elects not to assume such defense, Seller may pay, compromise or contest the Tax at issue at its sole discretion. Whether or not Buyer chooses to defend or prosecute any claim, all of the parties hereto shall cooperate in the defense or prosecution thereof.

(d) Buyer shall not be liable under this Section 8.07 with respect to any Tax resulting from a claim or demand the defense of which Buyer was not offered the opportunity to assume as provided under Section 8.07(c).

(e) Neither Buyer nor any of its Affiliates shall amend any Return filed by any Acquired Company with respect to any Pre-Closing Tax Period without Seller's prior written consent, which shall not be unreasonably withheld.

SECTION 8.08. *Certain Disputes*. Disputes arising under this Article 8 and not resolved by mutual agreement as stated therein shall be resolved by the Accounting Referee. The Accounting Referee shall resolve any disputed items within 30 days of having the item referred to it pursuant to such procedures as it may require. The costs, fees and expenses of the Accounting Referee shall be borne equally by Buyer and Seller.

SECTION 8.09. *Purchase Price Adjustment and Interest*. Any amount paid in cash by Seller or Buyer under Article 8 or any of the provisions of this Agreement will be treated as an adjustment to the Cash Purchase Price, and any amount paid in Buyer Units by Seller or Buyer under Section 2.10(c) shall be treated as an adjustment to the Units Purchase Price, for all Tax purposes except to the extent a Final Determination causes any such amount not to constitute an adjustment to the Cash Purchase Price or Units Purchase Price, respectively, for Tax purposes. Any payment required to be made by Buyer or Seller under Article 8 that is not made when due shall bear interest at Prime for each day until paid.

SECTION 8.10. *Survival*. Notwithstanding anything in this Agreement to the contrary, the provisions of this Article 8 shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof).

ARTICLE 9

EMPLOYEE BENEFITS

SECTION 9.01. *Year 2000 Compensation*. Seller shall determine and be responsible for all amounts of base salary, incentive compensation, commissions and bonuses (the "**Year 2000 Compensation**") due to its employees for all periods prior to and including the Closing Date.

SECTION 9.02. *Bonus Pools*. (a) For each of the first three Anniversary Periods following the Closing Date, Buyer shall establish a $15 million incentive compensation bonus pool for the exclusive benefit of Eligible Seller Employees who were participants in the Principals' Profit-Sharing Pool as of the Closing Date (the "**IC Bonus Pool**"). Any IC Bonus Pool amounts that have not been awarded as of the conclusion of the first or second Anniversary Period following the Closing Date shall be added to the Bonus Pool with respect to the subsequent Anniversary Period; *provided* that as of the conclusion of

the third Anniversary Period following the Closing Date, any amount remaining in the IC Bonus Pool (including any carry-over amounts) shall be allocated to Eligible Seller Employees who were participants in the Principals' Profit-Sharing Pool as of the Closing Date.

(b) The Executive Committee, subject to approval by Buyer's Board of Directors and/or its Board Compensation Committee, will have the discretion to establish a commissions bonus pool and a general bonus pool for General Seller Employees.

(c) Upon the conclusion of the third Anniversary Period following the Closing Date, all Eligible Seller Employees and any General Seller Employee deemed eligible by the Executive Committee (subject to approval by Buyer's Board of Directors and/or its Board Compensation Committee) shall be eligible to participate in Buyer's incentive compensation programs.

(d) The Executive Committee shall be responsible for making all awards from (i) the bonus pools referred to in this Section and (ii) Buyer's incentive compensation program, in each case as provided in this Section and subject to approval by Buyer's Board of Directors and/or its Board Compensation Committee.

SECTION 9.03. *Deferred Compensation*. On or before the Closing Date, Buyer shall adopt the Deferred Compensation Plan. Buyer shall maintain an effective registration statement under the Securities Act of 1933, as amended on Form S-8 (or any successor form) with respect to each registerable offering under the Deferred Compensation Plan to the same extent that such similar offerings are registered under the Amended and Restated Alliance Partners Deferred Compensation Plan or any successor thereto.

SECTION 9.04. *Benefit Plans*. For the period beginning on the Closing Date, Buyer shall maintain employee benefit plans, programs, policies and arrangements for the Eligible Seller Employees that are no less favorable in the aggregate to those provided under the Employee Plans as in effect on the Closing Date. The Hive Executive Committee will decide when, if and how such employee benefits policies, plans and programs should be changed and funded.

SECTION 9.05. *Employee Matters*. (a) The aggregate base cash compensation for all Eligible Seller Employees who were shareholders of Seller as of the Closing Date shall be $24.55 million for each of the first three Anniversary Periods from the Closing Date (the "**Core Compensation Pool**"). Any amounts (other than compensation paid under the Deferred Compensation Plan as in effect as of the Closing Date) paid pursuant to an employment agreement referred to in the recitals to this Agreement shall be deducted from the Core Compensation Pool.

(b) Compensation to be paid to Eligible Seller Employees or General Seller Employees who are terminated for any reason following the Closing Date but before the third anniversary of the Closing Date ("**Termination Pay**") shall be determined at the sole discretion of the SCB Committee, which Termination Pay may include a portion of deferred, incentive or base compensation not awarded or paid at the time of such employee's termination of employment, *provided* that the aggregate amount of such Termination Pay shall be deducted from the applicable bonus and compensation pools.

ARTICLE 10

Conditions to Closing

SECTION 10.01. *Conditions to Obligations of Buyer and Seller*. The obligations of Buyer and Seller to consummate the Closing are subject to the satisfaction of the following conditions:

(a) This Agreement and the transactions contemplated hereby shall have been approved and adopted by the requisite vote or consent of the stockholders of the Seller required by the General Corporation Law of the State of Delaware and the Certificate of Incorporation of the Seller.

(b) Any Public Units that may be issued in exchange for Buyer Units pursuant to this Agreement and the Purchase Agreement, shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance, to the extent required by the NYSE, the listing rules of the NYSE or any listing agreement between Alliance Holding and the NYSE.

(c) This Agreement and the agreements referred to in the recitals to this Agreement and the transactions contemplated hereby and thereby shall have been approved and adopted by the requisite vote or consent of the limited partners of Buyer and/or the limited partners and unitholders of Alliance Holding to the extent required by the NYSE, the listing rules of the NYSE or any listing agreement between Alliance Holding and the NYSE.

(d) Any applicable waiting period, clearance, approval or filing under the HSR Act or any other Antitrust Law or regulation relating to the transactions contemplated hereby shall have expired or been terminated or shall have been obtained or made.

(e) No provision of any applicable law or regulation and no judgment, injunction, order or decree of any court or administrative body of competent jurisdiction shall prohibit the consummation of the Closing.

(f) All notifications and filings shall have been made and all consents, authorizations or approvals from the governmental agencies referred to in Sections 3.03 and 4.03 shall have been received, in each case in form and substance reasonably satisfactory to Buyer (in the case of those matters set forth in Section 3.03) and Seller (in the case of those matters set forth in Section 4.03), as the case may be, and no such consent, authorization or approval shall have been revoked.

(g) Seller and Alliance Holding shall have entered into a registration rights agreement containing the terms set forth in Exhibit B hereto and in form and substance reasonably satisfactory to Seller and Buyer.

(h) A Deferred Compensation Plan containing the terms set forth in Exhibit A hereto and in form and substance reasonably satisfactory to Seller and Buyer shall have been adopted by Buyer.

SECTION 10.02. *Conditions to Obligation of Buyer*. The obligation of Buyer to consummate the Closing is subject to the satisfaction of the following further conditions:

(a) (i) Seller shall have performed in all material respects all of its obligations hereunder required to be performed by it on or prior to the Closing Date, (ii) the representations and warranties of Seller contained in this Agreement and in any certificate or other writing delivered by Seller pursuant hereto (A) that are qualified by materiality or Material Adverse Effect shall be true at and as of the Closing Date as if made at and as of such date (except that representations and warranties that by their terms speak as of the date of this Agreement or some other date need be true only as of such specified date), and (B) that are not qualified by materiality or Material Adverse Effect shall be true in all material respects at and as of the Closing Date as if made at and as of such time (except that representations and warranties that by their terms speak as

of the date of this Agreement or some other date need be true only as of such specified date) and (iii) Buyer shall have received a certificate signed by the Senior Vice President, Finance and Administration of Seller to the foregoing effect.

(b) There shall not be instituted and pending any action or proceeding by any governmental authority or agency, domestic or foreign, in any court (i) seeking to restrain, prohibit or otherwise materially interfere with the ownership or operation by Buyer or any of its Affiliates of all or any material portion of the BTI Purchased Assets or the business or assets of any of the Companies or of Buyer or any of their Affiliates or to compel Buyer or any of its Affiliates to dispose of all or any material portion of the BTI Purchased Assets or business or assets of any of the Companies or of Buyer or any of their Affiliates, (ii) seeking to impose or confirm limitations on the ability of Buyer or any of its Affiliates effectively to exercise full rights of ownership of the Equity of BD LLC or ADV LLC acquired or owned by Seller or any of its Affiliates on all matters properly presented to the members thereof, (iii) seeking to require divestiture by Buyer or any of its Affiliates of any Equity of BD LLC or ADV LLC or (iv) in any manner challenging or seeking to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement.

(c) There shall not be any action taken, or any statute, rule, regulation, injunction, order or decree proposed, enacted, enforced, promulgated, issued or deemed applicable to the purchase of the BTI Purchased Assets or the Equity of BD LLC or ADV LLC, by any court, government or governmental authority or agency, domestic or foreign, other than the application of the waiting period provisions of the HSR Act or any other Antitrust Law to the purchase of the BTI Purchased Assets or the Equity of BD LLC or ADV LLC, that, in the reasonable judgment of Buyer is reasonably likely to, directly or indirectly, result in any of the consequences referred to in clauses 10.02(b)(i) through 10.02(b)(iii) above.

(d) Buyer shall have received opinions dated the Closing Date of Sullivan & Cromwell, counsel to Seller, Jean Margo Reid, General Counsel, and such other appropriate counsel, in form and substance reasonably satisfactory to Buyer, with respect to the matters specified in Sections 3.01, 3.02, 3.03, 3.04, 3.05, 3.13, 3.23(a) and (d), 3.24(a), 3.28(b) and 3.29(b).

(e) Buyer shall have received an Assignment Determination, a Limited Liability Determination and a Tax Determination pursuant to the Buyer Limited Partnership Agreement with respect to this Agreement, the Financing Agreement and the transactions contemplated hereby and thereby.

(f) Buyer shall have received all documents it may reasonably request relating to the existence of Seller and the Companies and the authority of Seller, BTI, SCB Partners, BD LLC and ADV LLC for this Agreement, all in form and substance reasonably satisfactory to Buyer.

(g) Each of Seller, BD LLC, BTI, and SCB Partners shall have delivered to Buyer a certification to the effect that Seller, BD LLC, BTI, or SCB Partners, respectively, is not a "foreign person" as defined in Section 1445 of the Code, substantially in the form set forth in Treas. Reg. Sec.1.1445–2(b)(2) and signed by a responsible officer as defined in Treas. Reg. Sec. 1.1445–2(b)(2).

(h) Buyer shall be reasonably satisfied that the Closing Revenue Run Rate is at least equal to the product of Base Revenue Run Rate *times* 0.75.

(i) The Fund Approvals shall have been obtained.

SECTION 10.03. *Conditions to Obligation of Seller*. The obligation of Seller to consummate the Closing is subject to the satisfaction of the following further conditions:

(a) (i) Buyer shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Closing Date, (ii) the representations and warranties of Buyer contained in this Agreement and in any certificate or other writing delivered by Buyer pursuant hereto (A) that are qualified by materiality or Material Adverse Effect shall be true at and as of the Closing Date as if made at and as of such date (except that representations and warranties that by their terms speak as of the date of this Agreement or some other date need be true only as of such specified date), and (B) that are not qualified by materiality or Material Adverse Effect shall be true in all material respects at and as of the Closing Date as if made at and as of such time (except that representations and warranties that by their terms speak as of the date of this Agreement or some other date need be true only as of such specified date) and (iii) Seller shall have received a certificate signed by the Senior Vice President and Chief Financial Officer of Buyer to the foregoing effect.

(b) Seller shall have received opinions dated the Closing Date of Davis Polk & Wardwell, counsel to Buyer, David R. Brewer, Jr., General Counsel, and such other appropriate counsel, in form and substance reasonably satisfactory to Seller, with respect to the matters specified in Sections 4.01, 4.02, 4.03, 4.04 and 4.06.

(c) Sullivan & Cromwell, Seller's outside counsel, shall not have advised Seller that Sullivan & Cromwell is unable to reissue, as of the Closing Date, such firm's tax opinion to Seller dated as of June 20, 2000 (a copy of which has been provided to Buyer) due solely to (i) (A) a change in the Code, (B) the promulgation of any regulation (excluding any proposed regulation) under the Code which is in effect as of the Closing Date or (C) any decision of the federal court of appeals or Supreme Court, in each case that is subsequent to June 20, 2000 and applicable to the transactions contemplated hereby, or (ii) Buyer having, without the consent of Seller, transferred or assigned, in whole or from time to time in part, to one of more of its Subsidiaries, the right to purchase all or a portion of the Equity or the BTI Purchased Assets pursuant to Section 13.04 (other than assignments or cause to be directed transfers, in each case to ACM LLC or Alliance Delaware, as contemplated by this Agreement and the other Transaction Agreements) and, in the case of either clause (i) or (ii), such events having a material adverse effect on the federal income tax consequences to Seller and its shareholders, in the aggregate.

(d) Buyer shall have adopted the Deferred Compensation Plan.

(e) Seller shall have received all documents it may reasonably request relating to the existence of Buyer and the authority of Buyer and Alliance Holding for this Agreement, all in form and substance reasonably satisfactory to Seller.

(f) each party (other than Seller or the Companies or any Affiliate of the Seller or the Companies) to a Seller Transaction Agreement shall have executed and delivered such document.

ARTICLE 11

Survival; Indemnification

SECTION 11.01. *Survival*. The representations and warranties of the parties hereto contained in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall survive the Closing until December 31, 2001; *provided* that (i) the covenants and agreements (other than covenants and agreements, if any, contained in Articles 3 and 4) shall survive indefinitely and (ii) representations and warranties contained in Sections

3.21 and 4.18 and the covenants, agreements, representations and warranties contained in Articles 8 and 9 shall survive until expiration of the statute of limitations applicable to the matters covered thereby (giving effect to any waiver, mitigation or extension thereof), if later. Notwithstanding the preceding sentence, any covenant, agreement, representation or warranty in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentence, if notice of the inaccuracy or breach thereof giving rise to such right of indemnity (stating in reasonable detail the basis for such right) shall have been given to the party against whom such indemnity may be sought prior to such time.

SECTION 11.02. *Indemnification*. (a) If a Closing occurs, Seller will indemnify Buyer and its Affiliates and each of the Companies against and agrees to hold each of them harmless from any and all Damages incurred or suffered by Buyer, any Affiliate of Buyer or any of the Companies arising out of (A) any misrepresentation or breach of warranty of Seller (other than pursuant to Article 8), any failure of any representation or warranty to be true at and as of the Closing Date as if made at and as of such date (except that representations and warranties that by their terms speak as of the date of this Agreement or some other date need be true only as of such specified date) and a breach of Section 5.09, in each case determined without regard to any materiality or Material Adverse Effect qualification contained in any representation or warranty (other than, in the case of Seller, Sections 3.09(a) and 3.14, and in the case of Buyer, Sections 4.09 or 4.13) (each such misrepresentation and breach of warranty, or such failure of any representation or warranty to be true, a "**Warranty Breach**"), (B) any breach of covenant or agreement (other than covenants and agreements, if any, contained in Articles 3 and 4) made or to be performed by Seller pursuant to this Agreement (other than pursuant to Article 8), (C) any liability or obligation of Seller (including, without limitation, all liabilities or obligations of Seller and the Companies under (x) the Principals' Profit-Sharing Pool and (y) wages, bonuses, incentive compensation or other compensation pursuant to Section 9.01 through the Closing Date), (D) any Excluded BTI Asset or Excluded BTI Liability and (E) any shortfall between (x) performance fees accrued on the Closing Balance Sheet and (y) performance fees actually received by Buyer post-Closing (where such performance fees actually received by Buyer are in respect of the performance fees accrued on the Closing Balance Sheet); *provided* that with respect to indemnification by Seller for any Warranty Breach of Seller pursuant to this Section, (i) Seller shall not be liable unless the aggregate amount of Damages with respect to such Seller Warranty Breaches exceeds $25 million and then only to the extent of such excess and (ii) Seller's maximum liability shall not exceed $500 million.

(b) If a Closing occurs, Buyer will indemnify Seller and its Affiliates against and agrees to hold each of them harmless from any and all Damages incurred or suffered by Seller or any of its Affiliates arising out of (A) any Warranty Breach of Buyer, (B) any breach of covenant or agreement (other than covenants and agreements, if any, contained in Articles 3 and 4) made or to be performed by Buyer or Alliance Holding pursuant to this Agreement (other than pursuant to Article 8), (C) any BTI Assumed Liabilities and (D) any Seller liabilities in respect of Seller's guaranty of the U.K. lease; *provided* that with respect to indemnification by Buyer for any Warranty Breach pursuant to this Section, (i) Buyer shall not be liable unless the aggregate amount of Damages with respect to such Buyer Warranty Breaches exceeds $25 million and then only to the extent of such excess and (ii) Buyer's maximum liability shall not exceed $500 million.

SECTION 11.03. *Procedures Relating to Indemnification*. (a) In order for a party (the "**Indemnified Party**") to be entitled to any indemnification from another party (the "**Indemnifying Party**") pursuant to Section 8.06, 8.07 or this Article 11 in respect of, arising out of or involving a claim or demand made by any person other than a party hereto against the Indemnified Party (a "**Third Party Claim**"), such Indemnified Party must notify the Indemnifying Party in writing and in reasonable detail of the Third Party Claim promptly, and in any event within 20 Business Days, after receipt by such Indemnified Party of notice of the Third Party Claim; *provided*, *however*, that failure to give such notification shall not affect the indemnification provided under this Agreement except to the extent the Indemnifying Party shall have been prejudiced as a result of such failure. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party promptly copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim; *provided*, *however*, that failure to make such delivery shall not affect the indemnification provided under this Agreement except to the extent the Indemnifying Party shall have been prejudiced as a result of such failure.

(b) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party shall be entitled to participate in the defense thereof and, if it so chooses and acknowledges its obligation to fully indemnify the Indemnified Party therefor Party therefor, to assume and control the defense thereof with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party shall not be liable to the Indemnified Party for legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof. If the Indemnifying Party assumes such defense, the Indemnified Party shall have the right to participate in the defense thereof and to employ at its own expense counsel not reasonably objected to by the Indemnifying Party separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party shall control such defense, subject to the remaining terms of this Section 11.03(b). The Indemnifying Party shall be liable for the reasonable fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof after receiving notice thereof. If the Indemnifying Party chooses to defend or prosecute any Third Party Claim, all the parties hereto shall cooperate and shall cause their Affiliates to cooperate in the defense or prosecution thereof. Such cooperation shall include the retention and (upon the Indemnifying Party's request) the provision to the Indemnifying Party of records and information that are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder or otherwise with respect to such Third Party Claim. If the Indemnifying Party assumes the defense of a Third Party Claim, the Indemnified Party shall not admit any liability with respect to, or settle, compromise or discharge such Third Party Claim without the Indemnifying Party's prior written consent (which consent shall not be unreasonably withheld). Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume the defense of any Third Party Claim (and shall be liable for the fees and expenses of counsel incurred by the Indemnified Party in defending such Third Party Claim) if the Third Party Claim seeks an order, injunction or other equitable relief or relief for other than money damages against the Indemnified Party that the Indemnified Party reasonably determines, after conferring with its outside counsel, cannot be separated from any related claim for money damages; provided that if the Indemnifying Party acknowledges its obligation to fully indemnify the Indemnified Party therefor, the Indemnified Party shall not settle or compromise such Third Party Claim in whole or in part for monetary payment without the Indemnifying Party's prior written consent to that part of the settlement or compromise which involves monetary payment (which consent shall not be unreasonably withheld or delayed). If such equitable relief or other relief portion of the Third Party Claim can be so separated from that for money damages, the Indemnifying Party shall be entitled to assume the defense of the portion relating to money damages.

(c) In the event any Indemnified Party should have any indemnification claim against any Indemnifying Party under the Agreements that does not involve a Third Party Claim being asserted against or sought to be collected from such Indemnified Party, the Indemnified Party shall promptly deliver notice of such claim to the Indemnifying Party in writing and in reasonable detail. The failure by any Indemnified Party so to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party, except to the extent that the Indemnifying Party has been actually and materially prejudiced by such failure.

SECTION 11.04. *Calculation of Damages*. The amount of any Damages payable under Section 11.02(a) by Seller shall be net of any amounts actually recovered by Buyer under any insurance or indemnity policy maintained prior to the Closing Date that covers Seller or any of the Companies.

SECTION 11.05. *Commercially Reasonable Efforts*. Each party shall use its commercially reasonable efforts to mitigate any and all Damages suffered, incurred or sustained by such party arising out of, attributable to or resulting from any Warranty Breach or covenant or agreement of the other party hereto, upon such party's discovery of such inaccuracy or breach by the other party.

SECTION 11.06. *No Punitive Damages*. Notwithstanding any other provision in the Agreement, Damages shall not include, and no party shall be entitled to be indemnified for, any punitive damages.

SECTION 11.07. *Exclusive Remedy*. Buyer and Seller acknowledge and agree that, should the Closing occur, their respective sole and exclusive remedy with respect to any and all claims relating to this Agreement and the transactions contemplated hereby shall be pursuant to the indemnification provisions set forth in this Article 11. In furtherance of the foregoing, Buyer and Seller each hereby waive, from and after the Closing, to the fullest extent permitted under applicable law, any and all rights, claims and causes of action each may have against the other arising under or based upon any federal, state, local or foreign statute, law, ordinance, rule or regulation or otherwise (except pursuant to the indemnification provisions set forth in this Article 11).

ARTICLE 12

Termination

SECTION 12.01. *Grounds for Termination*. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written agreement of Seller and Buyer;

(b) by either Seller or Buyer if:

(i) the Closing shall not have been consummated on or before the Termination Date; *provided* that in the event that either Buyer or Seller shall reasonably determine that the Closing cannot be consummated on or before the Termination Date due solely to the fact that Buyer or Seller will not have received by such date any required consents, authorizations or approvals from any (A) domestic or Canadian governmental agency or (B) foreign governmental agency (other than any Canadian governmental agency), then,

(1) in the case of a determination pursuant to clause (A), if Buyer or Seller, as the case may be, reasonably believes that such required consents, authorizations or approvals can be obtained by March 1, 2001, then Buyer or Seller, as the case may be, may, upon notice to the other party prior to the termination of this Agreement, extend the Termination Date to no later than March 1, 2001; and

(2) in the case of a determination pursuant to clause (B), Buyer and Seller shall negotiate in good faith separate closings for the acquisition by Buyer of (x) Seller's United States and Canadian operations and (y) all other operations of Seller and if Buyer and Seller are unable to reach agreement on such separate closings, prior to the Termination Date then either Buyer or Seller may, upon notice to the other party prior to any termination of this Agreement, extend the Termination Date to March 31, 2001;

(ii) if there shall be any law or regulation that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited or if consummation of the transactions contemplated hereby would violate any nonappealable final order, decree or judgment of any court or governmental body having competent jurisdiction; or

(iii) the limited partners of Buyer or the limited partners and unitholders of Alliance Holding fail to approve this Agreement and the transactions contemplated hereby at a Unitholder Meeting of Buyer and/or Alliance Holding, as applicable, if such approval is required;

(c) by Buyer if Seller, any of the Companies or any parties to a Voting Agreement shall have breached any of its obligations under Sections 5.03 or 5.04 of this Agreement or Sections 1.01 or 4.02 of such Voting Agreement or if the shareholders of Seller fail to approve this Agreement and the transactions contemplated hereby at the Company Stockholder Meeting; or

(d) by Seller (i) as provided in Section 5.04(c) or (ii) if the Unitholder Meeting of Alliance Holding is not convened within the 45-day period referred to in Section 6.04.

The party desiring to terminate this Agreement pursuant to this Section 12.01 (other than pursuant to Section 12.01(a)) shall give notice of such termination to the other party.

SECTION 12.02. *Effect of Termination*. If this Agreement is terminated as permitted by Section 12.01, such termination shall be without liability of either party (or any stockholder, director, officer, employee, agent, consultant or representative of such party) to the other party to this Agreement; *provided* that if such termination shall result from the willful (i) failure of any party to fulfill a condition to the performance of the obligations of the other party, (ii) failure to perform a covenant of this Agreement or (iii) breach by any party hereto of any representation or warranty or agreement contained herein, such party shall be fully liable for any and all Damages incurred or suffered by the other party as a result of such failure or breach; *provided* that where Buyer has received the Termination Fee, no further remedy will be available to any party for breach of any representation, warranty, covenant or agreement by any other party or any stockholder of Seller. The provisions of this Section 12.02, Article 13 and the Confidentiality Agreements shall survive any termination hereof pursuant to Section 12.01.

ARTICLE 13

Miscellaneous

SECTION 13.01. *Notices*. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission) and shall be given,

if to Buyer, Alliance Holding or ACM LLC or, following Closing, to BD LLC or ADV LLC to:

Alliance Capital Management L.P.
1345 Avenue of the Americas
New York, New York 10105
Attention: David R. Brewer
Fax: (212) 969-1334

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Phillip R. Mills
Fax: (212) 450–4800

if to Seller or, prior to Closing, BD LLC or ADV LLC, to:

Sanford C. Bernstein Inc.
767 Fifth Avenue
New York, New York 10153
Attention: Lewis A. Sanders
Jean Margo Reid
Fax: (212) 756-4164

if to BTI, to:

SCB Technologies Inc.
c/o Sanford C. Bernstein Inc.
767 Fifth Avenue
New York, New York 10153
Attention: Lewis A. Sanders
Jean Margo Reid
Fax: (212) 756-4164

if to SCB Partners, to:

SCB Partners Inc.
767 Fifth Avenue
New York, New York 10153
Attention: Lewis A. Sanders
Jean Margo Reid
Fax: (212) 756-4164

with a copy, in all cases, to:

Sullivan & Cromwell
125 Broad Street
New York, New York 10004
Attention: Donald C. Walkovik
James C. Morphy
Fax: (212) 558-1600

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

SECTION 13.02. *Amendments and Waivers*. (a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 13.03. *Expenses*. (a) Except as otherwise provided in this Section, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

(b) Seller shall pay to Buyer a fee of $125 million (the "**Termination Fee**"), by wire transfer of immediately available funds (not later than the date of termination of the Agreement) if:

(i) Buyer shall terminate this Agreement pursuant to Section 12.01(c); or

(ii) Seller shall terminate this agreement pursuant to Section 5.04(c) or 12.01(d)(i).

(c) In the event any of the events referred to in Section 13.03(b)(i) or (ii) occur, Seller shall also reimburse Buyer and its Affiliates (by wire transfer of immediately available funds), no later than two Business Days after submission of reasonable documentation thereof for all fees and expenses (including reasonable fees and expenses of their counsel and other advisors) up to and including $15 million actually incurred by any of them in connection with this Agreement and the transactions contemplated hereby.

(d) Seller acknowledges that the agreements contained in this Section 13.03 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, Buyer would not enter into this Agreement. Accordingly, if Seller fails promptly to pay any amount due to Buyer pursuant to this Section 13.03, it shall also pay any costs and expenses incurred by Buyer in connection with a legal action to enforce this Agreement.

SECTION 13.04. *Successors and Assigns*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided* that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto, except that Buyer may transfer or assign, in whole or from time to time in part to one or more of its Subsidiaries, the right to purchase all or a portion of the Equity or the BTI Purchased Assets so long as neither Seller nor any of its shareholders will be subject to a material adverse effect on the federal income tax consequences of the transactions contemplated hereby as a result of such transfer or assignment (which shall be conclusively presumed if Seller does not object within 20 Business Days after notice from Buyer), but no such transfer or assignment will relieve Buyer of its obligations hereunder.

SECTION 13.05. *Limited Liabilities for Alliance Holding*. Seller acknowledges that Alliance Holding is a party to this Agreement solely due to the obligations set forth in Section 6.04 to this Agreement that it has agreed to incur. Seller acknowledges that Alliance Holding has no other liabilities whatsoever in connection with this Agreement and the transactions contemplated hereby.

SECTION 13.06. *Governing Law*. This Agreement shall be governed by and construed in accordance with the law of the State of New York.

SECTION 13.07. *WAIVER OF JURY TRIAL*. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 13.08. *Counterparts; Third Party Beneficiaries*. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto. No provision of this Agreement is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

SECTION 13.09. *Entire Agreement*. This Agreement, the Deferred Compensation Plan, the Confidentiality Agreements, the Voting Agreements and the other agreements referred to in the recitals to this Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect hereto and thereto.

SECTION 13.10. *Captions*. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

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

ALLIANCE CAPITAL MANAGEMENT L.P.

By: ALLIANCE CAPITAL MANAGEMENT CORPORATION, its General Partner

By: /s/ Bruce W. Calvert

Name: Bruce W. Calvert
Title: Vice Chairman and Chief Executive Officer

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: ALLIANCE CAPITAL MANAGEMENT CORPORATION, its General Partner

By: /s/ Bruce W. Calvert

Name: Bruce W. Calvert
Title: Vice Chairman and Chief Executive Officer

ALLIANCE CAPITAL MANAGEMENT LLC

By: ALLIANCE CAPITAL MANAGEMENT L.P., its sole member

By: ALLIANCE CAPITAL MANAGEMENT CORPORATION, its General Partner

By: /s/ Bruce W. Calvert

Name: Bruce W. Calvert
Title: Vice Chairman and Chief Executive Officer

SANFORD C. BERNSTEIN INC.

By: /s/ Gerald M. Lieberman

Name: Gerald M. Lieberman
Title: Senior Vice President, Finance & Administration

BERNSTEIN TECHNOLOGIES INC.

By: /s/ Leonard H. Hersh

Name: Leonard H. Hersh
Title: Secretary & Treasurer

SCB PARTNERS INC

By: /s/ Gerald M. Lieberman

Name: Gerald M. Lieberman

Title: Treasurer

SANFORD C. BERNSTEIN & CO., LLC

By: /s/ Jean Margo Reid

Name: Jean Margo Reid
Title: Secretary

SCB LLC

By: /s/ Jean Margo Reid

Name: Jean Margo Reid
Title: Secretary

RESTRICTED UNIT AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted restricted Units under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below, in connection with your 2000 award under the Plan:

Participant ("you"): Bruce Calvert

Amount of Award (to be converted to Restricted Units): $2,000,000.00

Date of Grant: December 31, 2000

Vesting Commencement Date: January 31, 2001

In connection with your grant of restricted Units, you, Alliance Capital Management Holding L.P. and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing restricted Units. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement. The restricted Units granted under this Agreement are referred to in the Agreement as the "Restricted Units."

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

2. Vesting of Restricted Units. (a) Except as provided in Paragraph 2(b) below, restrictions will lapse with respect to the Restricted Units in equal annual installments during the applicable Vesting Period (as defined below), with restrictions as to the first such installment lapsing on the first anniversary of the Vesting Commencement Date set forth above, and restrictions as to the remaining installments lapsing on the subsequent anniversaries of the Vesting Commencement Date, provided in each case that you are employed by a Company on such anniversary. The Vesting Period is as set forth in the following table, based on your age as of December 31, 2000:

Your Age As of December 31, 2000	Vesting Period
Up to and including 47	8 years
48	7 years
49	6 years
50-57	5 years
58	4 years
59	3 years
60	2 years
61	1 year
62 or older	Fully vested at grant

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

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

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

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

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

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

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

9. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

10. Miscellaneous.

(a) This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

(b) This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(c) This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

(d) This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of December 31, 2000.

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

Participant

/s/ Bruce Calvert

Bruce Calvert

RESTRICTED UNIT AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted restricted Units under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below, in connection with your 2000 award under the Plan:

Participant ("you"): John Carifa

Amount of Award (to be converted to Restricted Units): $2,000,000.00

Date of Grant: December 31, 2000

Vesting Commencement Date: January 31, 2001

In connection with your grant of restricted Units, you, Alliance Capital Management Holding L.P. and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing restricted Units. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement. The restricted Units granted under this Agreement are referred to in the Agreement as the "Restricted Units."

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

2. Vesting of Restricted Units. (a) Except as provided in Paragraph 2(b) below, restrictions will lapse with respect to the Restricted Units in equal annual installments during the applicable Vesting Period (as defined below), with restrictions as to the first such installment lapsing on the first anniversary of the Vesting Commencement Date set forth above, and restrictions as to the remaining installments lapsing on the subsequent anniversaries of the Vesting Commencement Date, provided in each case that you are employed by a Company on such anniversary. The Vesting Period is as set forth in the following table, based on your age as of December 31, 2000:

Your Age As of December 31, 2000	Vesting Period
Up to and including 47	8 years
48	7 years
49	6 years
50-57	5 years
58	4 years
59	3 years
60	2 years
61	1 year
62 or older	Fully vested at grant

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

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

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

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

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

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

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

9. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

10. Miscellaneous.

(a) This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

(b) This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(c) This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

(d) This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of December 31, 2000.

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

Participant

/s/ John Carifa

John Carifa

RESTRICTED UNIT AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted restricted Units under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below, in connection with your 2000 award under the Plan:

Participant ("you"): Alfred Harrison

Amount of Award (to be converted to Restricted Units): $2,000,000.00

Date of Grant: December 31, 2000

Vesting Commencement Date: January 31, 2001

In connection with your grant of restricted Units, you, Alliance Capital Management Holding L.P. and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing restricted Units. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement. The restricted Units granted under this Agreement are referred to in the Agreement as the "Restricted Units."

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

2. Vesting of Restricted Units. (a) Except as provided in Paragraph 2(b) below, restrictions will lapse with respect to the Restricted Units in equal annual installments during the applicable Vesting Period (as defined below), with restrictions as to the first such installment lapsing on the first anniversary of the Vesting Commencement Date set forth above, and restrictions as to the remaining installments lapsing on the subsequent anniversaries of the Vesting Commencement Date, provided in each case that you are employed by a Company on such anniversary. The Vesting Period is as set forth in the following table, based on your age as of December 31, 2000:

Your Age As of December 31, 2000	Vesting Period
Up to and including 47	8 years
48	7 years
49	6 years
50-57	5 years
58	4 years
59	3 years
60	2 years
61	1 year
62 or older	Fully vested at grant

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

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

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

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

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

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

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

9. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

10. Miscellaneous.

(a) This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

(b) This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(c) This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

(d) This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of December 31, 2000.

.

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

Participant

/s/ Alfred Harrison

Alfred Harrison

RESTRICTED UNIT AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted restricted Units under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below, in connection with your 2000 award under the Plan:

Participant ("you"): David Brewer

Amount of Award (to be converted to Restricted Units): $500,000.00

Date of Grant: December 31, 2000

Vesting Commencement Date: January 31, 2001

In connection with your grant of restricted Units, you, Alliance Capital Management Holding L.P. and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing restricted Units. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement. The restricted Units granted under this Agreement are referred to in the Agreement as the "Restricted Units."

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

2. Vesting of Restricted Units. (a) Except as provided in Paragraph 2(b) below, restrictions will lapse with respect to the Restricted Units in equal annual installments during the applicable Vesting Period (as defined below), with restrictions as to the first such installment lapsing on the first anniversary of the Vesting Commencement Date set forth above, and restrictions as to the remaining installments lapsing on the subsequent anniversaries of the Vesting Commencement Date, provided in each case that you are employed by a Company on such anniversary. The Vesting Period is as set forth in the following table, based on your age as of December 31, 2000:

Your Age As of December 31, 2000	Vesting Period
Up to and including 47	8 years
48	7 years
49	6 years
50-57	5 years
58	4 years
59	3 years
60	2 years
61	1 year
62 or older	Fully vested at grant

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

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

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

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

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

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

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

9. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

10. Miscellaneous.

(a) This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

(b) This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(c) This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

(d) This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of December 31, 2000.

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

Participant

/s/ David Brewer
David Brewer

RESTRICTED UNIT AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted restricted Units under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below, in connection with your 2000 award under the Plan:

Participant ("you"): Robert Joseph

Amount of Award (to be converted to Restricted Units): $500,000.00

Date of Grant: December 31, 2000

Vesting Commencement Date: January 31, 2001

In connection with your grant of restricted Units, you, Alliance Capital Management Holding L.P. and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing restricted Units. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement. The restricted Units granted under this Agreement are referred to in the Agreement as the "Restricted Units."

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

2. Vesting of Restricted Units. (a) Except as provided in Paragraph 2(b) below, restrictions will lapse with respect to the Restricted Units in equal annual installments during the applicable Vesting Period (as defined below), with restrictions as to the first such installment lapsing on the first anniversary of the Vesting Commencement Date set forth above, and restrictions as to the remaining installments lapsing on the subsequent anniversaries of the Vesting Commencement Date, provided in each case that you are employed by a Company on such anniversary. The Vesting Period is as set forth in the following table, based on your age as of December 31, 2000:

Your Age As of December 31, 2000	Vesting Period
Up to and including 47	8 years
48	7 years
49	6 years
50-57	5 years
58	4 years
59	3 years
60	2 years
61	1 year
62 or older	Fully vested at grant

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

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

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

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

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

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

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

9. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

10. Miscellaneous.

(a) This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

(b) This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(c) This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

(d) This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of December 31, 2000.

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

Participant

/s/ Robert Joseph

Robert Joseph

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 11, 2000 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. ("Alliance Holding") and David R. Brewer, Jr. (the "Employee"), an employee of the Partnership or a subsidiary of the Partnership.

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

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

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

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to December 11, 2001 or after December 11, 2010 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Employee shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

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

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 13 which specifies the number of Units being purchased and is accompanied by payment therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

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

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

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

(c) Other Termination. If the Partnership terminates the Employee's employment for any reason other than death, Disability or for Cause, the Employee shall have the right to exercise this Option, to the extent that he was entitled to do so on the date of the termination of his employment, for a period which ends not later than the earlier of (i) three months after such termination, and (ii) the Expiration Date. "Cause" shall mean (A) the Employee's continuing willful failure to perform his duties as an employee (other than as a result of his total or partial incapacity due to physical or mental illness), (B) gross negligence or malfeasance in the performance of the Employee's duties, (C) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Employee constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee's place of employment is outside of the United States, a serious crime under the laws of the foreign jurisdiction where he is employed, which crime if committed in the United States would be a felony under the laws of the United States or the laws of New York), or (2) a violation of federal or state securities law (or, if the Employee's place of employment is outside of the United States, of federal, state or foreign securities law) by reason of which finding of violation described in this clause (2) the Board determines in good faith that the continued employment of the Employee by the Partnership would be seriously detrimental to the Partnership and its business, (D) in the absence of such a finding by a court or other governmental body with proper jurisdiction, such a determination in good faith by the Board by reason of such act or acts constituting such a felony, serious crime or violation, or (E) any breach by the Employee of any obligation of confidentiality or non-competition to the Partnership.

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

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

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

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

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any issuance of debt obligations or other securities by the Partnership or Alliance Holding, any grant of options with respect to an interest in the Partnership or Alliance Holding or any adjustment, recapitalization or other change in the partnership interests of the Partnership or Alliance Holding (including, without limitation, any distribution, subdivision, or combination of limited partnership interests), or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Employee to purchase stock in the resulting corporation in place of the Units subject to this Option. Any such adjustment or arrangement may provide for the elimination of any fractional Unit or shares of stock which might otherwise become subject to this Option. Any decision by the Board under this Section shall be final and binding upon the Employee.

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

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

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

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

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to such principal office, and, in the case of the Employee, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

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

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ John D. Carifa

John D. Carifa
President

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management Corporation, General Partner

By: /s/ John D. Carifa

John D. Carifa
President

/s/ David R. Brewer, Jr.

David R. Brewer, Jr.

EXHIBIT A To Unit Option Plan Agreement Dated December 11, 2000 between Alliance Capital Management L.P., Alliance Capital Management Holding L.P. and David R. Brewer, Jr.

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

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $53.75 per Unit.

3.

	Percentage of Units With Respect to Which the Option First Becomes Exercisable on the Date Indicated	
1.	December 11, 2001	20%
2.	December 11, 2002	20%
3.	December 11, 2003	20%
4.	December 11, 2004	20%
5.	December 11, 2005	20%

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 11, 2000 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. (“Alliance Holding”) and Robert H. Joseph, Jr. (the "Participant"), an employee of the Partnership or a subsidiary of the Partnership (an "Employee Participant").

The 1997 Option Committee (the "Administrator") of the Board of the Board of Directors (the “Board”) of Alliance Capital Management Corporation, the general partner of the Partnership and Alliance Holding, pursuant to the Alliance Capital Management L.P. 1997 Long Term Incentive Plan, a copy of which has been delivered to the Participant (the "Plan"), has granted to the Participant an option to purchase units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding(the "Units") as hereinafter set forth, and authorized the execution and delivery of this Agreement.

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

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

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to December 11, 2001 or after December 11, 2010 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Participant shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

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

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 14 which specifies the number of Units being purchased and is accompanied by payment therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

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

(a) Disability. If the Employee Participant's employment with the Partnership terminates because of Disability, the Employee Participant (or his personal representative) shall have the right to exercise this Option, to the extent that the Employee Participant 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 Participant 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 Participant for purposes of this paragraph (a), the Employee Participant 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 Participant, 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 Participant 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 Participant 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 Participant's death, and (B) the Expiration Date.

(c) Other Termination. If the Partnership terminates the Employee Participant's employment for any reason other than death, Disability or for Cause, the Employee Participant 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 Participant'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 Participant's duties, (c) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Employee Participant constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee Participant'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 Participant'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 Participant 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 Participant 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. No Right to Continued Employment. This Option shall not confer upon the Participant any right to continue in the employ of the Partnership or any subsidiary of the Partnership or to be retained as a Director, and shall not interfere in any way with the right of the Partnership to terminate the service of

the Participant at any time for any reason.

6. 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 Participant this Option is exercisable only by the Participant; except that a Participant may transfer this Option, without consideration, subject to such rules as the Committee may adopt to preserve the purposes of the Plan (including limiting such transfers to transfers by Participants who are senior executives), to a trust solely for the benefit of the Participant and the Participant's spouse, children or grandchildren (including adopted and stepchildren and grandchildren) (each a "Permitted Transferee").

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

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any distribution (whether in the form of cash, limited partnership interests, other securities or other property), recapitalization (including, without limitation, any subdivision or combination of limited partnership interests), reorganization, consolidation, combination, repurchase or exchange of limited partnership interests or other securities of the Partnership or Alliance Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of the Partnership or Alliance Holding, or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Participant 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 Participant.

9. Rights as an Owner of a Unit. The Participant (or a transferee of this Option pursuant to Sections 4 and 6) shall have no rights as an owner of a Unit with respect to any Unit covered by this Option until he becomes the holder of record of such Unit, which shall be deemed to occur at the time that notice of purchase is given and payment in full is received under Section 3 and 13. By such actions, the Participant (or such transferee) shall be deemed to have consented to, and agreed to be bound by, all other terms, conditions, rights and obligations set forth in the then current Amended and Restated Agreement of Limited Partnership of Alliance Holding, and the thencurrent Amended and Restated Agreement of Limited Partnership of the Partnership. Except as provided in Section 9, 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 Participant 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 1997 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 Participant accepts this Option subject to all the terms and provisions of the Plan, which shall control in the event of any conflict between any provision of the Plan and this Agreement, and accepts as binding, conclusive and final all decisions or interpretations of the Board or the Administrator upon any questions arising under the Plan and/or this Agreement.

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to such principal office, and, in the case of the Participant, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

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

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ John D. Carifa

John D. Carifa
President

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ John D. Carifa

John D. Carifa
President

/s/ Robert H. Joseph, Jr.

Robert H. Joseph, Jr.

EXHIBIT A To Unit Option Plan Agreement Dated December 11, 2000
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and Robert H. Joseph, Jr.

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

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $53.75 per Unit.

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

1.	December 11, 2001	20%
2.	December 11, 2002	20%
3.	December 11, 2003	20%
4.	December 11, 2004	20%
5.	December 11, 2005	20%

DEFERRAL AGREEMENT
UNDER
THE ALLIANCE CAPITAL MANAGEMENT L.P.
ANNUAL ELECTIVE DEFERRAL PLAN
FOR
YEAR 2000 BONUS OR YEAR END COMMISSION PAYMENTS

This agreement (the "**Plan Agreement**") is entered between John Carifa ("**you**") and Alliance Capital Management L.P. (the "**Company**") with respect to your elective deferral of a portion of your Bonus or Year End Commission Payments for the year 2000 under the Alliance Capital Management L.P. Annual Elective Deferral Plan (the "**Plan**"). You have elected to defer a portion of your year 2000 Bonus or Year End Commission Payments as set forth in the Deferral Election signed by you and submitted with this Plan Agreement (your "**Elective Deferral**") and in connection with that deferral you agree to the terms set forth in this Plan Agreement. The Plan provides a description of the terms and conditions governing your Elective Deferral and all other aspects of your participation in the Plan. If there is any inconsistency between the terms of this Plan Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Plan Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in this Plan Agreement.

1. Crediting of Your Elective Deferral. Your Elective Deferral will be credited to you under the Plan as of the date such amount(s) would otherwise have been paid to you absent your Deferral Election.

2. Crediting of Your Company Matching Contribution. As of the date that you are credited with the amount(s) constituting your Elective Deferral, you shall also be credited with an additional amount equal to 20% of those amount(s) (the "**Company Matching Contribution**").

3. Conversion to Units. Your Elective Deferral and related Company Matching Contribution shall be converted into Units as soon as practicable after such amounts are credited to you. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the December 31 following the relevant Deferral Election Date (or, if such date is not a trading day on the NYSE, then the last preceding trading day).

4. Distributions on Units. Any quarterly or special distribution paid with respect to Units credited to you shall also be credited to you and shall be converted into additional Units at such intervals as may be established by the Committee, but in any event no less frequently that annually. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the date such distributions are paid.

5. Your Account. As of the date that you are credited with cash amounts in respect of your Elective Deferral, Company Matching Contribution or any distribution on Units credited to you in respect of your Elective Deferral or Company Matching Contribution, those amounts shall be posted to a bookkeeping account established under the Plan in your name (your "**Plan Account**"). As of the date that any such amounts are converted into Units, your Plan Account shall be amended to reflect such conversion to Units.

6. Vesting.

(a) *Elective Deferrals*. Your Elective Deferral and all distributions credited with respect to Units into which your Elective Deferral has been converted, shall be 100% vested and non-forfeitable from and after the date such Elective Deferral and distributions are credited to you.

(b) *Company Match*. You shall become vested in your Company Matching Contribution and all distributions credited with respect to Units into which your Company Matching Contribution has been converted, in installments of one-third of the amount of your Company Matching Contribution and such distributions as of December 31 of each of 2001, 2002 and 2003, provided that you remain in the employ of the Company or an affiliate as of each such December 31, except that the entire amount of your Company Matching Contribution and the related distributions credited to you will fully vest if, prior to your Termination of Employment, you die, incur a Disability or attain age 62. In the event of your Termination of Employment prior to age 62 other than due to death or Disability, to the extent that any portion of your Company Matching Contribution and related distributions is not vested as of the date of your Termination of Employment, such unvested portion shall be forfeited by you.

7. Distribution.

(a) *Distribution Election*. You are required to complete the distribution section of your Deferral Election to designate the time and method of distribution for the amounts covered by your Deferral Election and the Company Matching Contribution and distributions relating to such amounts. The distribution instructions set forth in your Deferral Election shall be irrevocable as to the amounts covered by such election; provided, however, that, if you so request, the Committee may, in its sole discretion, allow you to amend your distribution instructions to extend the deferral of the amounts covered by your Deferral Election and the Company Matching Contribution and related distributions, if such amendment is made at least one year prior to the scheduled distribution commencement date for such amounts and the amendment defers commencement of such distribution for at least three years beyond the scheduled distribution commencement date.

(b) *Uncertainty as to Distribution Commencement Date*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a distribution commencement date or there exists any ambiguity as to the distribution commencement date you have elected, such amounts (including the relevant vested Company Matching Contribution) may be distributed to you after the earlier of the date of your Termination of Employment or the third anniversary of your Deferral Election Date, unless determined otherwise by the Committee, in its sole discretion.

(c) *Uncertainty as to Method of Payment*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a method of payment or there exists any ambiguity as to the method of payment you elected, the method of payment for such amounts (including the relevant vested Company Matching Contribution) shall be lump sum, unless determined otherwise by the Committee, in its sole discretion.

(d) *Form of Distributions*. All distributions shall be paid in-kind in the form of Units.

8. Financial Emergencies. If you experience an Unforseeable Financial Emergency, you may petition the Committee to (i) suspend any deferrals required but not yet made under your Deferral Election and/or (ii) receive a partial or full payout of you Account Balance. The Committee shall have complete discretion to accept or reject your petition and to determine the amounts, if any, which may be paid out to you; provided, however, that the payout shall not exceed the lesser of your Account Balance, or the amount reasonably needed to satisfy the Unforseeable Financial Emergency.

9. Withdrawal Election. You (or, after your death, your Beneficiary) may elect, at any time, to withdraw all of your Account Balance, less a withdrawal penalty equal to 10% of such amount. This election can be made at any time before or after your Retirement, Disability, death or Termination of Employment, and whether or not you (or your Beneficiary) is in the process of being paid pursuant to an installment payment schedule. No partial withdrawals of your Account Balance shall be allowed. You (or your Beneficiary) shall make this election by giving the Committee advance written notice of the election in a form determined from time to time by the Committee. Once you have withdrawn your Account Balance your participation in the Plan shall terminate and you shall not be eligible to participate in the Plan in the future.

10. Beneficiary Designation. You are encouraged to designate a Beneficiary to receive your Account Balance under the Plan in the event of your death. You may do so by completing and signing a Beneficiary Designation Form provided by the Committee and returning it to the Committee. You shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by you and accepted by the Committee prior to your death. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee or its designated agent. In the event of your death, the amounts relating to your Elective Deferral and the related Company Matching Contribution as well as all other amounts comprising your Account Balance will be distributed in accordance with your last Beneficiary Designation Form submitted and acknowledged by the Committee. If you fail to designate a Beneficiary by way of a properly completed Beneficiary Designation Form acknowledged by the Committee or if all your designated Beneficiaries predecease you or die prior to complete distribution of your Account Balance, then your designated Beneficiary shall be deemed to be your estate. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to withhold such payments until this matter is resolved to the Committee's satisfaction.

11. Tax Withholding. As and when any federal, state or local tax or any other charge is required by law to be withheld with respect to the vesting of amounts credited to you, the payment of distributions on any Units credited to you and the distribution of Units or other amounts from your Plan Account (a **"Withholding Amount"**), you agree promptly to pay the Withholding Amount to the Company in cash. You agree that if you do not pay the Withholding Amount to the Company, the Company may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you. Notwithstanding the foregoing, the Company may, in its sole discretion, establish and amend policies from time to time for the satisfaction of Withholding Amounts by the deduction of a portion of the Units credited to you under the Plan.

12. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Plan Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your interest under the Plan with the treatment provided for other participants in the Plan.

13. Miscellaneous.

(a) This Plan Agreement does not confer upon you any right to continuation of employment by the Company, nor does this Plan Agreement interfere in any way with the Company=s right to terminate your employment at any time.

(b) Nothing in this Plan Agreement is intended or should be construed as a guarantee or assurance that you will receive any amounts in respect of a Bonus or Year End Commission Payments or any award under the Partners Plan, and all such entitlements remain in the sole discretion of the Company.

(c) This Plan Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

(d) This Plan Agreement and the Plan constitute the entire understanding between you and the Company regarding your year 2000 Elective Deferral and the related Company Matching Contribution. Any prior agreements, commitments or negotiations concerning the same are superseded. This Plan Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Plan Agreement to be executed effective as of November 13, 2000.

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

Participant Signature:

/s/ John Carifa

John Carifa

DEFERRAL AGREEMENT
UNDER
THE ALLIANCE CAPITAL MANAGEMENT L.P.
ANNUAL ELECTIVE DEFERRAL PLAN
FOR
YEAR 2000 BONUS OR YEAR END COMMISSION PAYMENTS

This agreement (the "**Plan Agreement**") is entered between Al Harrison ("**you**") and Alliance Capital Management L.P. (the "**Company**") with respect to your elective deferral of a portion of your Bonus or Year End Commission Payments for the year 2000 under the Alliance Capital Management L.P. Annual Elective Deferral Plan (the "**Plan**"). You have elected to defer a portion of your year 2000 Bonus or Year End Commission Payments as set forth in the Deferral Election signed by you and submitted with this Plan Agreement (your "**Elective Deferral**") and in connection with that deferral you agree to the terms set forth in this Plan Agreement. The Plan provides a description of the terms and conditions governing your Elective Deferral and all other aspects of your participation in the Plan. If there is any inconsistency between the terms of this Plan Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Plan Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in this Plan Agreement.

1. Crediting of Your Elective Deferral. Your Elective Deferral will be credited to you under the Plan as of the date such amount(s) would otherwise have been paid to you absent your Deferral Election.

2. Crediting of Your Company Matching Contribution. As of the date that you are credited with the amount(s) constituting your Elective Deferral, you shall also be credited with an additional amount equal to 20% of those amount(s) (the "**Company Matching Contribution**").

3. Conversion to Units. Your Elective Deferral and related Company Matching Contribution shall be converted into Units as soon as practicable after such amounts are credited to you. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the December 31 following the relevant Deferral Election Date (or, if such date is not a trading day on the NYSE, then the last preceding trading day).

4. Distributions on Units. Any quarterly or special distribution paid with respect to Units credited to you shall also be credited to you and shall be converted into additional Units at such intervals as may be established by the Committee, but in any event no less frequently that annually. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the date such distributions are paid.

5. Your Account. As of the date that you are credited with cash amounts in respect of your Elective Deferral, Company Matching Contribution or any distribution on Units credited to you in respect of your Elective Deferral or Company Matching Contribution, those amounts shall be posted to a bookkeeping account established under the Plan in your name (your "**Plan Account**"). As of the date that any such amounts are converted into Units, your Plan Account shall be amended to reflect such conversion to Units.

6. Vesting.

(a) *Elective Deferrals*. Your Elective Deferral and all distributions credited with respect to Units into which your Elective Deferral has been converted, shall be 100% vested and non-forfeitable from and after the date such Elective Deferral and distributions are credited to you.

(b) *Company Match*. You shall become vested in your Company Matching Contribution and all distributions credited with respect to Units into which your Company Matching Contribution has been converted, in installments of one-third of the amount of your Company Matching Contribution and such distributions as of December 31 of each of 2001, 2002 and 2003, provided that you remain in the employ of the Company or an affiliate as of each such December 31, except that the entire amount of your Company Matching Contribution and the related distributions credited to you will fully vest if, prior to your Termination of Employment, you die, incur a Disability or attain age 62. In the event of your Termination of Employment prior to age 62 other than due to death or Disability, to the extent that any portion of your Company Matching Contribution and related distributions is not vested as of the date of your Termination of Employment, such unvested portion shall be forfeited by you.

7. Distribution.

(a) *Distribution Election*. You are required to complete the distribution section of your Deferral Election to designate the time and method of distribution for the amounts covered by your Deferral Election and the Company Matching Contribution and distributions relating to such amounts. The distribution instructions set forth in your Deferral Election shall be irrevocable as to the amounts covered by such election; provided, however, that, if you so request, the Committee may, in its sole discretion, allow you to amend your distribution instructions to extend the deferral of the amounts covered by your Deferral Election and the Company Matching Contribution and related distributions, if such amendment is made at least one year prior to the scheduled distribution commencement date for such amounts and the amendment defers commencement of such distribution for at least three years beyond the scheduled distribution commencement date.

(b) *Uncertainty as to Distribution Commencement Date*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a distribution commencement date or there exists any ambiguity as to the distribution commencement date you have elected, such amounts (including the relevant vested Company Matching Contribution) may be distributed to you after the earlier of the date of your Termination of Employment or the third anniversary of your Deferral Election Date, unless determined otherwise by the Committee, in its sole discretion.

(c) *Uncertainty as to Method of Payment*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a method of payment or there exists any ambiguity as to the method of payment you elected, the method of payment for such amounts (including the relevant vested Company Matching Contribution) shall be lump sum, unless determined otherwise by the Committee, in its sole discretion.

(d) *Form of Distributions*. All distributions shall be paid in-kind in the form of Units.

8. Financial Emergencies. If you experience an Unforseeable Financial Emergency, you may petition the Committee to (i) suspend any deferrals required but not yet made under your Deferral Election and/or (ii) receive a partial or full payout of you Account Balance. The Committee shall have complete discretion to accept or reject your petition and to determine the amounts, if any, which may be paid out to you; provided, however, that the payout shall not exceed the lesser of your Account Balance, or the amount reasonably needed to satisfy the Unforseeable Financial Emergency.

9. Withdrawal Election. You (or, after your death, your Beneficiary) may elect, at any time, to withdraw all of your Account Balance, less a withdrawal penalty equal to 10% of such amount. This election can be made at any time before or after your Retirement, Disability, death or Termination of Employment, and whether or not you (or your Beneficiary) is in the process of being paid pursuant to an installment payment schedule. No partial withdrawals of your Account Balance shall be allowed. You (or your Beneficiary) shall make this election by giving the Committee advance written notice of the election in a form determined from time to time by the Committee. Once you have withdrawn your Account Balance your participation in the Plan shall terminate and you shall not be eligible to participate in the Plan in the future.

10. Beneficiary Designation. You are encouraged to designate a Beneficiary to receive your Account Balance under the Plan in the event of your death. You may do so by completing and signing a Beneficiary Designation Form provided by the Committee and returning it to the Committee. You shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by you and accepted by the Committee prior to your death. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee or its designated agent. In the event of your death, the amounts relating to your Elective Deferral and the related Company Matching Contribution as well as all other amounts comprising your Account Balance will be distributed in accordance with your last Beneficiary Designation Form submitted and acknowledged by the Committee. If you fail to designate a Beneficiary by way of a properly completed Beneficiary Designation Form acknowledged by the Committee or if all your designated Beneficiaries predecease you or die prior to complete distribution of your Account Balance, then your designated Beneficiary shall be deemed to be your estate. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to withhold such payments until this matter is resolved to the Committee's satisfaction.

11. Tax Withholding. As and when any federal, state or local tax or any other charge is required by law to be withheld with respect to the vesting of amounts credited to you, the payment of distributions on any Units credited to you and the distribution of Units or other amounts from your Plan Account (a **"Withholding Amount"**), you agree promptly to pay the Withholding Amount to the Company in cash. You agree that if you do not pay the Withholding Amount to the Company, the Company may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you. Notwithstanding the foregoing, the Company may, in its sole discretion, establish and amend policies from time to time for the satisfaction of Withholding Amounts by the deduction of a portion of the Units credited to you under the Plan.

12. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Plan Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your interest under the Plan with the treatment provided for other participants in the Plan.

13. Miscellaneous.

(a) This Plan Agreement does not confer upon you any right to continuation of employment by the Company, nor does this Plan Agreement interfere in any way with the Company=s right to terminate your employment at any time.

(b) Nothing in this Plan Agreement is intended or should be construed as a guarantee or assurance that you will receive any amounts in respect of a Bonus or Year End Commission Payments or any award under the Partners Plan, and all such entitlements remain in the sole discretion of the Company.

(c) This Plan Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

(d) This Plan Agreement and the Plan constitute the entire understanding between you and the Company regarding your year 2000 Elective Deferral and the related Company Matching Contribution. Any prior agreements, commitments or negotiations concerning the same are superseded. This Plan Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Plan Agreement to be executed effective as of November 14, 2000.

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

Participant Signature:

/s/ Alfred Harrison

Alfred Harrison

DEFERRAL AGREEMENT
UNDER
THE ALLIANCE CAPITAL MANAGEMENT L.P.
ANNUAL ELECTIVE DEFERRAL PLAN
FOR
YEAR 2000 BONUS OR YEAR END COMMISSION PAYMENTS

This agreement (the "**Plan Agreement**") is entered between David Brewer ("**you**") and Alliance Capital Management L.P. (the "**Company**") with respect to your elective deferral of a portion of your Bonus or Year End Commission Payments for the year 2000 under the Alliance Capital Management L.P. Annual Elective Deferral Plan (the "**Plan**"). You have elected to defer a portion of your year 2000 Bonus or Year End Commission Payments as set forth in the Deferral Election signed by you and submitted with this Plan Agreement (your "**Elective Deferral**") and in connection with that deferral you agree to the terms set forth in this Plan Agreement. The Plan provides a description of the terms and conditions governing your Elective Deferral and all other aspects of your participation in the Plan. If there is any inconsistency between the terms of this Plan Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Plan Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in this Plan Agreement.

1. Crediting of Your Elective Deferral. Your Elective Deferral will be credited to you under the Plan as of the date such amount(s) would otherwise have been paid to you absent your Deferral Election.

2. Crediting of Your Company Matching Contribution. As of the date that you are credited with the amount(s) constituting your Elective Deferral, you shall also be credited with an additional amount equal to 20% of those amount(s) (the "**Company Matching Contribution**").

3. Conversion to Units. Your Elective Deferral and related Company Matching Contribution shall be converted into Units as soon as practicable after such amounts are credited to you. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the December 31 following the relevant Deferral Election Date (or, if such date is not a trading day on the NYSE, then the last preceding trading day).

4. Distributions on Units. Any quarterly or special distribution paid with respect to Units credited to you shall also be credited to you and shall be converted into additional Units at such intervals as may be established by the Committee, but in any event no less frequently that annually. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the date such distributions are paid.

5. Your Account. As of the date that you are credited with cash amounts in respect of your Elective Deferral, Company Matching Contribution or any distribution on Units credited to you in respect of your Elective Deferral or Company Matching Contribution, those amounts shall be posted to a bookkeeping account established under the Plan in your name (your "**Plan Account**"). As of the date that any such amounts are converted into Units, your Plan Account shall be amended to reflect such conversion to Units.

6. Vesting.

(a) *Elective Deferrals*. Your Elective Deferral and all distributions credited with respect to Units into which your Elective Deferral has been converted, shall be 100% vested and non-forfeitable from and after the date such Elective Deferral and distributions are credited to you.

(b) *Company Match*. You shall become vested in your Company Matching Contribution and all distributions credited with respect to Units into which your Company Matching Contribution has been converted, in installments of one-third of the amount of your Company Matching Contribution and such distributions as of December 31 of each of 2001, 2002 and 2003, provided that you remain in the employ of the Company or an affiliate as of each such December 31, except that the entire amount of your Company Matching Contribution and the related distributions credited to you will fully vest if, prior to your Termination of Employment, you die, incur a Disability or attain age 62. In the event of your Termination of Employment prior to age 62 other than due to death or Disability, to the extent that any portion of your Company Matching Contribution and related distributions is not vested as of the date of your Termination of Employment, such unvested portion shall be forfeited by you.

7. Distribution.

(a) *Distribution Election*. You are required to complete the distribution section of your Deferral Election to designate the time and method of distribution for the amounts covered by your Deferral Election and the Company Matching Contribution and distributions relating to such amounts. The distribution instructions set forth in your Deferral Election shall be irrevocable as to the amounts covered by such election; provided, however, that, if you so request, the Committee may, in its sole discretion, allow you to amend your distribution instructions to extend the deferral of the amounts covered by your Deferral Election and the Company Matching Contribution and related distributions, if such amendment is made at least one year prior to the scheduled distribution commencement date for such amounts and the amendment defers commencement of such distribution for at least three years beyond the scheduled distribution commencement date.

(b) *Uncertainty as to Distribution Commencement Date*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a distribution commencement date or there exists any ambiguity as to the distribution commencement date you have elected, such amounts (including the relevant vested Company Matching Contribution) may be distributed to you after the earlier of the date of your Termination of Employment or the third anniversary of your Deferral Election Date, unless determined otherwise by the Committee, in its sole discretion.

(c) *Uncertainty as to Method of Payment*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a method of payment or there exists any ambiguity as to the method of payment you elected, the method of payment for such amounts (including the relevant vested Company Matching Contribution) shall be lump sum, unless determined otherwise by the Committee, in its sole discretion.

(d) *Form of Distributions*. All distributions shall be paid in-kind in the form of Units.

8. Financial Emergencies. If you experience an Unforseeable Financial Emergency, you may petition the Committee to (i) suspend any deferrals required but not yet made under your Deferral Election and/or (ii) receive a partial or full payout of you Account Balance. The Committee shall have complete discretion to accept or reject your petition and to determine the amounts, if any, which may be paid out to you; provided, however, that the payout shall not exceed the lesser of your Account Balance, or the amount reasonably needed to satisfy the Unforseeable Financial Emergency.

9. Withdrawal Election. You (or, after your death, your Beneficiary) may elect, at any time, to withdraw all of your Account Balance, less a withdrawal penalty equal to 10% of such amount. This election can be made at any time before or after your Retirement, Disability, death or Termination of Employment, and whether or not you (or your Beneficiary) is in the process of being paid pursuant to an installment payment schedule. No partial withdrawals of your Account Balance shall be allowed. You (or your Beneficiary) shall make this election by giving the Committee advance written notice of the election in a form determined from time to time by the Committee. Once you have withdrawn your Account Balance your participation in the Plan shall terminate and you shall not be eligible to participate in the Plan in the future.

10. Beneficiary Designation. You are encouraged to designate a Beneficiary to receive your Account Balance under the Plan in the event of your death. You may do so by completing and signing a Beneficiary Designation Form provided by the Committee and returning it to the Committee. You shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by you and accepted by the Committee prior to your death. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee or its designated agent. In the event of your death, the amounts relating to your Elective Deferral and the related Company Matching Contribution as well as all other amounts comprising your Account Balance will be distributed in accordance with your last Beneficiary Designation Form submitted and acknowledged by the Committee. If you fail to designate a Beneficiary by way of a properly completed Beneficiary Designation Form acknowledged by the Committee or if all your designated Beneficiaries predecease you or die prior to complete distribution of your Account Balance, then your designated Beneficiary shall be deemed to be your estate. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to withhold such payments until this matter is resolved to the Committee's satisfaction.

11. Tax Withholding. As and when any federal, state or local tax or any other charge is required by law to be withheld with respect to the vesting of amounts credited to you, the payment of distributions on any Units credited to you and the distribution of Units or other amounts from your Plan Account (a **"Withholding Amount"**), you agree promptly to pay the Withholding Amount to the Company in cash. You agree that if you do not pay the Withholding Amount to the Company, the Company may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you. Notwithstanding the foregoing, the Company may, in its sole discretion, establish and amend policies from time to time for the satisfaction of Withholding Amounts by the deduction of a portion of the Units credited to you under the Plan.

12. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Plan Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your interest under the Plan with the treatment provided for other participants in the Plan.

13. Miscellaneous.

(a) This Plan Agreement does not confer upon you any right to continuation of employment by the Company, nor does this Plan Agreement interfere in any way with the Company's right to terminate your employment at any time.

(b) Nothing in this Plan Agreement is intended or should be construed as a guarantee or assurance that you will receive any amounts in respect of a Bonus or Year End Commission Payments or any award under the Partners Plan, and all such entitlements remain in the sole discretion of the Company.

(c) This Plan Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

(d) This Plan Agreement and the Plan constitute the entire understanding between you and the Company regarding your year 2000 Elective Deferral and the related Company Matching Contribution. Any prior agreements, commitments or negotiations concerning the same are superseded. This Plan Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Plan Agreement to be executed effective as of November 15, 2000.

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

Participant Signature:

/s/ David Brewer

David Brewer

DEFERRAL AGREEMENT
UNDER
THE ALLIANCE CAPITAL MANAGEMENT L.P.
ANNUAL ELECTIVE DEFERRAL PLAN
FOR
YEAR 2000 BONUS OR YEAR END COMMISSION PAYMENTS

This agreement (the "**Plan Agreement**") is entered between Robert Joseph ("**you**") and Alliance Capital Management L.P. (the "**Company**") with respect to your elective deferral of a portion of your Bonus or Year End Commission Payments for the year 2000 under the Alliance Capital Management L.P. Annual Elective Deferral Plan (the "**Plan**"). You have elected to defer a portion of your year 2000 Bonus or Year End Commission Payments as set forth in the Deferral Election signed by you and submitted with this Plan Agreement (your "**Elective Deferral**") and in connection with that deferral you agree to the terms set forth in this Plan Agreement. The Plan provides a description of the terms and conditions governing your Elective Deferral and all other aspects of your participation in the Plan. If there is any inconsistency between the terms of this Plan Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Plan Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in this Plan Agreement.

1. Crediting of Your Elective Deferral. Your Elective Deferral will be credited to you under the Plan as of the date such amount(s) would otherwise have been paid to you absent your Deferral Election.

2. Crediting of Your Company Matching Contribution. As of the date that you are credited with the amount(s) constituting your Elective Deferral, you shall also be credited with an additional amount equal to 20% of those amount(s) (the "**Company Matching Contribution**").

3. Conversion to Units. Your Elective Deferral and related Company Matching Contribution shall be converted into Units as soon as practicable after such amounts are credited to you. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the December 31 following the relevant Deferral Election Date (or, if such date is not a trading day on the NYSE, then the last preceding trading day).

4. Distributions on Units. Any quarterly or special distribution paid with respect to Units credited to you shall also be credited to you and shall be converted into additional Units at such intervals as may be established by the Committee, but in any event no less frequently that annually. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the date such distributions are paid.

5. Your Account. As of the date that you are credited with cash amounts in respect of your Elective Deferral, Company Matching Contribution or any distribution on Units credited to you in respect of your Elective Deferral or Company Matching Contribution, those amounts shall be posted to a bookkeeping account established under the Plan in your name (your "**Plan Account**"). As of the date that any such amounts are converted into Units, your Plan Account shall be amended to reflect such conversion to Units.

6. Vesting.

(a) *Elective Deferrals*. Your Elective Deferral and all distributions credited with respect to Units into which your Elective Deferral has been converted, shall be 100% vested and non-forfeitable from and after the date such Elective Deferral and distributions are credited to you.

(b) *Company Match*. You shall become vested in your Company Matching Contribution and all distributions credited with respect to Units into which your Company Matching Contribution has been converted, in installments of one-third of the amount of your Company Matching Contribution and such distributions as of December 31 of each of 2001, 2002 and 2003, provided that you remain in the employ of the Company or an affiliate as of each such December 31, except that the entire amount of your Company Matching Contribution and the related distributions credited to you will fully vest if, prior to your Termination of Employment, you die, incur a Disability or attain age 62. In the event of your Termination of Employment prior to age 62 other than due to death or Disability, to the extent that any portion of your Company Matching Contribution and related distributions is not vested as of the date of your Termination of Employment, such unvested portion shall be forfeited by you.

7. Distribution.

(a) *Distribution Election*. You are required to complete the distribution section of your Deferral Election to designate the time and method of distribution for the amounts covered by your Deferral Election and the Company Matching Contribution and distributions relating to such amounts. The distribution instructions set forth in your Deferral Election shall be irrevocable as to the amounts covered by such election; provided, however, that, if you so request, the Committee may, in its sole discretion, allow you to amend your distribution instructions to extend the deferral of the amounts covered by your Deferral Election and the Company Matching Contribution and related distributions, if such amendment is made at least one year prior to the scheduled distribution commencement date for such amounts and the amendment defers commencement of such distribution for at least three years beyond the scheduled distribution commencement date.

(b) *Uncertainty as to Distribution Commencement Date*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a distribution commencement date or there exists any ambiguity as to the distribution commencement date you have elected, such amounts (including the

relevant vested Company Matching Contribution) may be distributed to you after the earlier of the date of your Termination of Employment or the third anniversary of your Deferral Election Date, unless determined otherwise by the Committee, in its sole discretion.

(c) *Uncertainty as to Method of Payment*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a method of payment or there exists any ambiguity as to the method of payment you elected, the method of payment for such amounts (including the relevant vested Company Matching Contribution) shall be lump sum, unless determined otherwise by the Committee, in its sole discretion.

(d) *Form of Distributions*. All distributions shall be paid in-kind in the form of Units.

8. Financial Emergencies. If you experience an Unforseeable Financial Emergency, you may petition the Committee to (i) suspend any deferrals required but not yet made under your Deferral Election and/or (ii) receive a partial or full payout of you Account Balance. The Committee shall have complete discretion to accept or reject your petition and to determine the amounts, if any, which may be paid out to you; provided, however, that the payout shall not exceed the lesser of your Account Balance, or the amount reasonably needed to satisfy the Unforseeable Financial Emergency.

9. Withdrawal Election. You (or, after your death, your Beneficiary) may elect, at any time, to withdraw all of your Account Balance, less a withdrawal penalty equal to 10% of such amount. This election can be made at any time before or after your Retirement, Disability, death or Termination of Employment, and whether or not you (or your Beneficiary) is in the process of being paid pursuant to an installment payment schedule. No partial withdrawals of your Account Balance shall be allowed. You (or your Beneficiary) shall make this election by giving the Committee advance written notice of the election in a form determined from time to time by the Committee. Once you have withdrawn your Account Balance your participation in the Plan shall terminate and you shall not be eligible to participate in the Plan in the future.

10. Beneficiary Designation. You are encouraged to designate a Beneficiary to receive your Account Balance under the Plan in the event of your death. You may do so by completing and signing a Beneficiary Designation Form provided by the Committee and returning it to the Committee. You shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by you and accepted by the Committee prior to your death. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee or its designated agent. In the event of your death, the amounts relating to your Elective Deferral and the related Company Matching Contribution as well as all other amounts comprising your Account Balance will be distributed in accordance with your last Beneficiary Designation Form submitted and acknowledged by the Committee. If you fail to designate a Beneficiary by way of a properly completed Beneficiary Designation Form acknowledged by the Committee or if all your designated Beneficiaries predecease you or die prior to complete distribution of your Account Balance, then your designated Beneficiary shall be deemed to be your estate. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to withhold such payments until this matter is resolved to the Committee's satisfaction.

11. Tax Withholding. As and when any federal, state or local tax or any other charge is required by law to be withheld with respect to the vesting of amounts credited to you, the payment of distributions on any Units credited to you and the distribution of Units or other amounts from your Plan Account (a **"Withholding Amount"**), you agree promptly to pay the Withholding Amount to the Company in cash. You agree that if you do not pay the Withholding Amount to the Company, the Company may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you. Notwithstanding the foregoing, the Company may, in its sole discretion, establish and amend policies from time to time for the satisfaction of Withholding Amounts by the deduction of a portion of the Units credited to you under the Plan.

12. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Plan Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your interest under the Plan with the treatment provided for other participants in the Plan.

13. Miscellaneous.

(a) This Plan Agreement does not confer upon you any right to continuation of employment by the Company, nor does this Plan Agreement interfere in any way with the Company's right to terminate your employment at any time.

(b) Nothing in this Plan Agreement is intended or should be construed as a guarantee or assurance that you will receive any amounts in respect of a Bonus or Year End Commission Payments or any award under the Partners Plan, and all such entitlements remain in the sole discretion of the Company.

(c) This Plan Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

(d) This Plan Agreement and the Plan constitute the entire understanding between you and the Company regarding your year 2000 Elective Deferral and the related Company Matching Contribution. Any prior agreements, commitments or negotiations concerning the same are superseded. This Plan Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Plan Agreement to be executed effective as of November 16, 2000.

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

Participant Signature:

/s/ Robert Joseph

Robert Joseph

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated June 20, 2000 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. (“Alliance Holding”) and Bruce W. Calvert (the "Participant"), an employee of the Partnership or a subsidiary of the Partnership (an "Employee Participant").

The 1997 Option Committee (the "Administrator") of the Board of the Board of Directors (the “Board”) of Alliance Capital Management Corporation, the general partner of the Partnership and Alliance Holding, pursuant to the Alliance Capital Management L.P. 1997 Long Term Incentive Plan, a copy of which has been delivered to the Participant (the "Plan"), has granted to the Participant an option to purchase units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding(the "Units") as hereinafter set forth, and authorized the execution and delivery of this Agreement.

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

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

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to June 20, 2001 or after June 20, 2010 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Participant shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

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

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 14 which specifies the number of Units being purchased and is accompanied by payment therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

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

(a) Disability. If the Employee Participant's employment with the Partnership terminates because of Disability, the Employee Participant (or his personal representative) shall have the right to exercise this Option, to the extent that the Employee Participant 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 Participant 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 Participant for purposes of this paragraph (a), the Employee Participant 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 Participant, 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 Participant 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 Participant 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 Participant's death, and (B) the Expiration Date.

(c) Other Termination. If the Partnership terminates the Employee Participant's employment for any reason other than death, Disability or for Cause, the Employee Participant 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 Participant'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 Participant's duties, (c) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Employee Participant constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee Participant'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 Participant'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 Participant 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 Participant 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. No Right to Continued Employment. This Option shall not confer upon the Participant any right to continue in the employ of the Partnership or any subsidiary of the Partnership or to be retained as a Director, and shall not interfere in any way with the right of the Partnership to terminate the service of

the Participant at any time for any reason.

6. 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 Participant this Option is exercisable only by the Participant; except that a Participant may transfer this Option, without consideration, subject to such rules as the Committee may adopt to preserve the purposes of the Plan (including limiting such transfers to transfers by Participants who are senior executives), to a trust solely for the benefit of the Participant and the Participant's spouse, children or grandchildren (including adopted and stepchildren and grandchildren) (each a "Permitted Transferee").

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

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any distribution (whether in the form of cash, limited partnership interests, other securities or other property), recapitalization (including, without limitation, any subdivision or combination of limited partnership interests), reorganization, consolidation, combination, repurchase or exchange of limited partnership interests or other securities of the Partnership or Alliance Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of the Partnership or Alliance Holding, or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Participant 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 Participant.

9. Rights as an Owner of a Unit. The Participant (or a transferee of this Option pursuant to Sections 4 and 6) shall have no rights as an owner of a Unit with respect to any Unit covered by this Option until he becomes the holder of record of such Unit, which shall be deemed to occur at the time that notice of purchase is given and payment in full is received under Section 3 and 13. By such actions, the Participant (or such transferee) shall be deemed to have consented to, and agreed to be bound by, all other terms, conditions, rights and obligations set forth in the then current Amended and Restated Agreement of Limited Partnership of Alliance Holding, and the thencurrent Amended and Restated Agreement of Limited Partnership of the Partnership. Except as provided in Section 9, 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 Participant 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 1997 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 Participant accepts this Option subject to all the terms and provisions of the Plan, which shall control in the event of any conflict between any provision of the Plan and this Agreement, and accepts as binding, conclusive and final all decisions or interpretations of the Board or the Administrator upon any questions arising under the Plan and/or this Agreement.

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to such principal office, and, in the case of the Participant, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

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

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management
Corporation, its General Partner

By: /s/ Dave H. Williams

Dave H. Williams
Chairman of the Board

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P
.

By: Alliance Capital Management
Corporation, its General Partner

By: /s/ Dave H. Williams

Dave H. Williams
Chairman of the Board

/s/ Bruce W. Calvert

Bruce W. Calvert

EXHIBIT A To Unit Option Plan Agreement Dated June 20, 2000
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and Bruce W. Calvert

1. The number of Units that the Participant is entitled to purchase pursuant to the Option granted under this Agreement is 300,000.

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $48.50 per Unit.

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

1.	June 20, 2001	20%
2.	June 20, 2002	20%
3.	June 20, 2003	20%
4.	June 20, 2004	20%
5.	June 20, 2005	20%

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated June 20, 2000 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. (“Alliance Holding”) and John D. Carifa (the "Participant"), an employee of the Partnership or a subsidiary of the Partnership (an "Employee Participant").

The 1997 Option Committee (the "Administrator") of the Board of the Board of Directors (the “Board”) of Alliance Capital Management Corporation, the general partner of the Partnership and Alliance Holding, pursuant to the Alliance Capital Management L.P. 1997 Long Term Incentive Plan, a copy of which has been delivered to the Participant (the "Plan"), has granted to the Participant an option to purchase units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding (the "Units") as hereinafter set forth, and authorized the execution and delivery of this Agreement.

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

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

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to June 20, 2001 or after June 20, 2010 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Participant shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

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

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 14 which specifies the number of Units being purchased and is accompanied by payment therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

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

(a) Disability. If the Employee Participant's employment with the Partnership terminates because of Disability, the Employee Participant (or his personal representative) shall have the right to exercise this Option, to the extent that the Employee Participant 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 Participant 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 Participant for purposes of this paragraph (a), the Employee Participant 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 Participant, 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 Participant 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 Participant 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 Participant's death, and (B) the Expiration Date.

(c) Other Termination. If the Partnership terminates the Employee Participant's employment for any reason other than death, Disability or for Cause, the Employee Participant 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 Participant'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 Participant's duties, (c) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Employee Participant constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee Participant'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 Participant'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 Participant 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 Participant 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. No Right to Continued Employment. This Option shall not confer upon the Participant any right to continue in the employ of the Partnership or any subsidiary of the Partnership or to be retained as a Director, and shall not interfere in any way with the right of the Partnership to terminate the service of the Participant at any time for any reason.

6. 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 Participant this Option is exercisable only by the Participant; except that a Participant may transfer this Option, without consideration, subject to such rules as the Committee may adopt to preserve the purposes of the Plan (including limiting such transfers to transfers by Participants who are senior executives), to a trust solely for the benefit of the Participant and the Participant's spouse, children or grandchildren (including adopted and stepchildren and grandchildren) (each a "Permitted Transferee").

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

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any distribution (whether in the form of cash, limited partnership interests, other securities or other property), recapitalization (including, without limitation, any subdivision or combination of limited partnership interests), reorganization, consolidation, combination, repurchase or exchange of limited partnership interests or other securities of the Partnership or Alliance Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of the Partnership or Alliance Holding, or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Participant 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 Participant.

9. Rights as an Owner of a Unit. The Participant (or a transferee of this Option pursuant to Sections 4 and 6) shall have no rights as an owner of a Unit with respect to any Unit covered by this Option until he becomes the holder of record of such Unit, which shall be deemed to occur at the time that notice of purchase is given and payment in full is received under Section 3 and 13. By such actions, the Participant (or such transferee) shall be deemed to have consented to, and agreed to be bound by, all other terms, conditions, rights and obligations set forth in the then current Amended and Restated Agreement of Limited Partnership of Alliance Holding, and the then current Amended and Restated Agreement of Limited Partnership of the Partnership. Except as provided in Section 9, 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 Participant 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 1997 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 Participant accepts this Option subject to all the terms and provisions of the Plan, which shall control in the event of any conflict between any provision of the Plan and this Agreement, and accepts as binding, conclusive and final all decisions or interpretations of the Board or the Administrator upon any questions arising under the Plan and/or this Agreement.

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to such principal office, and, in the case of the Participant, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

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

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management
Corporation, its General Partner

By: /s/ Dave H. Williams

Dave H. Williams
Chairman of the Board

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management
Corporation, its General Partner

By: /s/ Dave H. Williams

Dave H. Williams
Chairman of the Board

/s/ John D. Carifa

John D. Carifa

Exhibit A To Unit Option Plan Agreement Dated June 20, 2000
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and John D. Carifa

1. The number of Units that the Participant is entitled to purchase pursuant to the Option granted under this Agreement is 300,000.

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $48.50 per Unit.

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

1.	June 20, 2001	20%
2.	June 20, 2002	20%
3.	June 20, 2003	20%
4.	June 20, 2004	20%
5.	June 20, 2005	20%

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated June 20, 2000 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. (“Alliance Holding”) and Alfred Harrison (the "Participant"), an employee of the Partnership or a subsidiary of the Partnership (an "Employee Participant").

The 1997 Option Committee (the "Administrator") of the Board of the Board of Directors (the “Board”) of Alliance Capital Management Corporation, the general partner of the Partnership and Alliance Holding, pursuant to the Alliance Capital Management L.P. 1997 Long Term Incentive Plan, a copy of which has been delivered to the Participant (the "Plan"), has granted to the Participant an option to purchase units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding (the "Units") as hereinafter set forth, and authorized the execution and delivery of this Agreement.

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

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

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to June 20, 2001 or after June 20, 2010 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Participant shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

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

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 14 which specifies the number of Units being purchased and is accompanied by payment therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

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

(a) Disability. If the Employee Participant's employment with the Partnership terminates because of Disability, the Employee Participant (or his personal representative) shall have the right to exercise this Option, to the extent that the Employee Participant 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 Participant 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 Participant for purposes of this paragraph (a), the Employee Participant 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 Participant, 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 Participant 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 Participant 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 Participant's death, and (B) the Expiration Date.

(c) Other Termination. If the Partnership terminates the Employee Participant's employment for any reason other than death, Disability or for Cause, the Employee Participant 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 Participant'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 Participant's duties, (c) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Employee Participant constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee Participant'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 Participant'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 Participant 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 Participant 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. No Right to Continued Employment. This Option shall not confer upon the Participant any right to continue in the employ of the Partnership or any subsidiary of the Partnership or to be retained as a Director, and shall not interfere in any way with the right of the Partnership to terminate the service of the Participant at any time for any reason.

6. 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 Participant this Option is exercisable only by the Participant; except that a Participant may transfer this Option, without consideration, subject to such rules as the Committee may adopt to preserve the purposes of the Plan (including limiting such transfers to transfers by Participants who are senior executives), to a trust solely for the benefit of the Participant and the Participant's spouse, children or grandchildren (including adopted and stepchildren and grandchildren) (each a "Permitted Transferee").

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

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any distribution (whether in the form of cash, limited partnership interests, other securities or other property), recapitalization (including, without limitation, any subdivision or combination of limited partnership interests), reorganization, consolidation, combination, repurchase or exchange of limited partnership interests or other securities of the Partnership or Alliance Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of the Partnership or Alliance Holding, or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Participant 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 Participant.

9. Rights as an Owner of a Unit. The Participant (or a transferee of this Option pursuant to Sections 4 and 6) shall have no rights as an owner of a Unit with respect to any Unit covered by this Option until he becomes the holder of record of such Unit, which shall be deemed to occur at the time that notice of purchase is given and payment in full is received under Section 3 and 13. By such actions, the Participant (or such transferee) shall be deemed to have consented to, and agreed to be bound by, all other terms, conditions, rights and obligations set forth in the then current Amended and Restated Agreement of Limited Partnership of Alliance Holding, and the thencurrent Amended and Restated Agreement of Limited Partnership of the Partnership. Except as provided in Section 9, 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 Participant 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 1997 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 Participant accepts this Option subject to all the terms and provisions of the Plan, which shall control in the event of any conflict between any provision of the Plan and this Agreement, and accepts as binding, conclusive and final all decisions or interpretations of the Board or the Administrator upon any questions arising under the Plan and/or this Agreement.

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to such principal office, and, in the case of the Participant, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

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

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management
Corporation, its General Partner

By: /s/ Dave H. Williams

Dave H. Williams
Chairman of the Board

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management
Corporation, its General Partner

By: /s/ Dave H. Williams

Dave H. Williams
Chairman of the Board

/s/ Alfred Harrison

Alfred Harrison

**Exhibit A To Unit Option Plan Agreement Dated June 20,
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and Alfred Harrison**

1. The number of Units that the Participant is entitled to purchase pursuant to the Option granted under this Agreement is 300,000.

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $48.50 per Unit.

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

1.	June 20, 2001	20%
2.	June 20, 2002	20%
3.	June 20, 2003	20%
4.	June 20, 2004	20%
5.	June 20, 2005	20%

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated June 20, 2000 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. ("Alliance Holding") and David R. Brewer, Jr. (the "Participant"), an employee of the Partnership or a subsidiary of the Partnership (an "Employee Participant").

The 1997 Option Committee (the "Administrator") of the Board of the Board of Directors (the "Board") of Alliance Capital Management Corporation, the general partner of the Partnership and Alliance Holding, pursuant to the Alliance Capital Management L.P. 1997 Long Term Incentive Plan, a copy of which has been delivered to the Participant (the "Plan"), has granted to the Participant an option to purchase units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding (the "Units") as hereinafter set forth, and authorized the execution and delivery of this Agreement.

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

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

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to June 20, 2001 or after June 20, 2010 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Participant shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

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

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 14 which specifies the number of Units being purchased and is accompanied by payment therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

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

(a) Disability. If the Employee Participant's employment with the Partnership terminates because of Disability, the Employee Participant (or his personal representative) shall have the right to exercise this Option, to the extent that the Employee Participant 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 Participant 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 Participant for purposes of this paragraph (a), the Employee Participant 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 Participant, 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 Participant 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 Participant 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 Participant's death, and (B) the Expiration Date.

(c) Other Termination. If the Partnership terminates the Employee Participant's employment for any reason other than death, Disability or for Cause, the Employee Participant 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 Participant'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 Participant's duties, (c) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Employee Participant constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee Participant'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 Participant'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 Participant 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 Participant 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. No Right to Continued Employment. This Option shall not confer upon the Participant any right to continue in the employ of the Partnership or any subsidiary of the Partnership or to be retained as a Director, and shall not interfere in any way with the right of the Partnership to terminate the service of the Participant at any time for any reason.

6. 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 Participant this Option is exercisable only by the Participant; except that a Participant may transfer this Option, without consideration, subject to such rules as the Committee may adopt to preserve the purposes of the Plan (including limiting such transfers to transfers by Participants who are senior executives), to a trust solely for the benefit of the Participant and the Participant's spouse, children or grandchildren (including adopted and stepchildren and grandchildren) (each a "Permitted Transferee").

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

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any distribution (whether in the form of cash, limited partnership interests, other securities or other property), recapitalization (including, without limitation, any subdivision or combination of limited partnership interests), reorganization, consolidation, combination, repurchase or exchange of limited partnership interests or other securities of the Partnership or Alliance Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of the Partnership or Alliance Holding, or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Participant 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 Participant.

9. Rights as an Owner of a Unit. The Participant (or a transferee of this Option pursuant to Sections 4 and 6) shall have no rights as an owner of a Unit with respect to any Unit covered by this Option until he becomes the holder of record of such Unit, which shall be deemed to occur at the time that notice of purchase is given and payment in full is received under Section 3 and 13. By such actions, the Participant (or such transferee) shall be deemed to have consented to, and agreed to be bound by, all other terms, conditions, rights and obligations set forth in the then current Amended and Restated Agreement of Limited Partnership of Alliance Holding, and the thencurrent Amended and Restated Agreement of Limited Partnership of the Partnership. Except as provided in Section 9, 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 Participant 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 1997 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 Participant accepts this Option subject to all the terms and provisions of the Plan, which shall control in the event of any conflict between any provision of the Plan and this Agreement, and accepts as binding, conclusive and final all decisions or interpretations of the Board or the Administrator upon any questions arising under the Plan and/or this Agreement.

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to such principal office, and, in the case of the Participant, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

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

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management
Corporation, its General Partner

By: /s/ John D. Carifa

John D. Carifa
President

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management
Corporation, its General Partner

By: /s/ John D. Carifa

John D. Carifa
President

/s/ David R. Brewer, Jr.

David R. Brewer, Jr.

Exhibit A To Unit Option Plan Agreement Dated June 20, 2000
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and David R. Brewer, Jr.

1. The number of Units that the Participant is entitled to purchase pursuant to the Option granted under this Agreement is 50,000.

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $48.50 per Unit.

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

1.	June 20, 2001	20%
2.	June 20, 2002	20%
3.	June 20, 2003	20%
4.	June 20, 2004	20%
5.	June 20, 2005	20%

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated June 20, 2000 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. ("Alliance Holding") and Robert H. Joseph, Jr. (the "Participant"), an employee of the Partnership or a subsidiary of the Partnership (an "Employee Participant").

The 1997 Option Committee (the "Administrator") of the Board of the Board of Directors (the "Board") of Alliance Capital Management Corporation, the general partner of the Partnership and Alliance Holding, pursuant to the Alliance Capital Management L.P. 1997 Long Term Incentive Plan, a copy of which has been delivered to the Participant (the "Plan"), has granted to the Participant an option to purchase units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding (the "Units") as hereinafter set forth, and authorized the execution and delivery of this Agreement.

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

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

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to June 20, 2001 or after June 20, 2010 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Participant shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

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

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 14 which specifies the number of Units being purchased and is accompanied by payment therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

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

(a) Disability. If the Employee Participant's employment with the Partnership terminates because of Disability, the Employee Participant (or his personal representative) shall have the right to exercise this Option, to the extent that the Employee Participant 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 Participant 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 Participant for purposes of this paragraph (a), the Employee Participant 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 Participant, 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 Participant 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 Participant 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 Participant's death, and (B) the Expiration Date.

(c) Other Termination. If the Partnership terminates the Employee Participant's employment for any reason other than death, Disability or for Cause, the Employee Participant 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 Participant'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 Participant's duties, (c) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Employee Participant constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee Participant'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 Participant'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 Participant 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 Participant 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. No Right to Continued Employment. This Option shall not confer upon the Participant any right to continue in the employ of the Partnership or any subsidiary of the Partnership or to be retained as a Director, and shall not interfere in any way with the right of the Partnership to terminate the service of

the Participant at any time for any reason.

6. 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 Participant this Option is exercisable only by the Participant; except that a Participant may transfer this Option, without consideration, subject to such rules as the Committee may adopt to preserve the purposes of the Plan (including limiting such transfers to transfers by Participants who are senior executives), to a trust solely for the benefit of the Participant and the Participant's spouse, children or grandchildren (including adopted and stepchildren and grandchildren) (each a "Permitted Transferee").

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

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any distribution (whether in the form of cash, limited partnership interests, other securities or other property), recapitalization (including, without limitation, any subdivision or combination of limited partnership interests), reorganization, consolidation, combination, repurchase or exchange of limited partnership interests or other securities of the Partnership or Alliance Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of the Partnership or Alliance Holding, or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Participant 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 Participant.

9. Rights as an Owner of a Unit. The Participant (or a transferee of this Option pursuant to Sections 4 and 6) shall have no rights as an owner of a Unit with respect to any Unit covered by this Option until he becomes the holder of record of such Unit, which shall be deemed to occur at the time that notice of purchase is given and payment in full is received under Section 3 and 13. By such actions, the Participant (or such transferee) shall be deemed to have consented to, and agreed to be bound by, all other terms, conditions, rights and obligations set forth in the then current Amended and Restated Agreement of Limited Partnership of Alliance Holding, and the then current Amended and Restated Agreement of Limited Partnership of the Partnership. Except as provided in Section 9, 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 Participant 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 1997 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 Participant accepts this Option subject to all the terms and provisions of the Plan, which shall control in the event of any conflict between any provision of the Plan and this Agreement, and accepts as binding, conclusive and final all decisions or interpretations of the Board or the Administrator upon any questions arising under the Plan and/or this Agreement.

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to such principal office, and, in the case of the Participant, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

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

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ John D. Carifa

John D. Carifa
President

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ John D. Carifa

John D. Carifa

President

/s/ Robert H. Joseph, Jr.

Robert H. Joseph, Jr.

EXHIBIT A To Unit Option Plan Agreement Dated June 20, 2000
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and Robert H. Joseph, Jr.

1. The number of Units that the Participant is entitled to purchase pursuant to the Option granted under this Agreement is 50,000.

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $48.50 per Unit.

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

1.	June 20, 2001	20%
2.	June 20, 2002	20%
3.	June 20, 2003	20%
4.	June 20, 2004	20%
5.	June 20, 2005	20%

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement"), dated as of October 2, 2000, is entered into by and among Alliance Capital Management Holding L.P., a Delaware limited partnership ("Holding"), Sanford C. Bernstein Inc., a Delaware corporation ("Bernstein"), and SCB Partners Inc., a New York Corporation ("SCB Partners").

PRELIMINARY STATEMENTS

WHEREAS, in connection with the consummation of the transactions contemplated by the Amended and Restated Acquisition Agreement, dated as of October 2, 2000 (the "Acquisition Agreement"), among Holding, Alliance Capital Management L.P., a Delaware limited partnership ("Capital"), Alliance Capital Management LLC, Bernstein, Bernstein Technologies Inc., SCB LLC, SCB Partners and Sanford C. Bernstein & Co., LLC, SCB Partners and Sanford C. Bernstein & Co., LLC have acquired units representing limited partnership interests of Capital ("Capital Units").

WHEREAS, the Acquisition Agreement contemplates that Bernstein and SCB Partners will enter into this Agreement to provide for certain registration rights with respect to units representing limited partnership interests of Holding ("Holding Units") issuable in exchange for Capital Units acquired as of the date hereof.

NOW, THEREFORE, in consideration of the premises and of the mutual agreement and covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Certain Definitions.

1.1 Terms Defined in this Section. For purposes of this Agreement, the following terms have the following meanings:

"Business Day" means any day other than a Saturday, Sunday, or other day on which commercial banking institutions in New York, New York are required or authorized by law to remain closed.

"Demand Period" means each successive 365-day period beginning two years from the date hereof.

"Equitable" means The Equitable Life Assurance Society of the United States, a New York stock life insurance corporation.

"Exchange Act" means the Securities Exchange Act of 1934, or any successor federal statute, and the rules and regulations of the SEC promulgated thereunder, in each case as amended from time to time.

"Holding Indemnified Parties" means Holding, its officers, directors, employees and agents, and each Person, if any, who controls Holding within the meaning of either the Securities Act or the Exchange Act, and the officers and directors of the foregoing parties.

"Indemnified Party" means a Person claiming a right to indemnification pursuant to Article 6 of this Agreement.

"Indemnifying Party" means a Person required to provide indemnification pursuant to Article 6 of this Agreement.

"Losses" means any losses, claims, damages, or liabilities, and any related legal or other fees and expenses.

"Permitted Transferee" shall mean any entity in which Bernstein beneficially owns, directly or indirectly, 100% of the equity interests.

"Person" means any individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, trust, association, organization, or other entity.

"Prospectus" means the prospectus included in a Registration Statement as of the date it becomes effective under the Securities Act and, in the case of references to the Prospectus as of a date subsequent to the effective date of the Registration Statement, as amended or supplemented as of such date, including all documents incorporated by reference therein, each as amended, and each applicable prospectus supplement relating to the offering and sale of any of the Registrable Securities pursuant to such Registration Statement.

"Registrable Securities" means:

(i) the Holding Units issued or issuable in exchange for Capital Units acquired pursuant to the Acquisition Agreement, and

(ii) any securities of Holding or its successors issued or issuable with respect to any units referred to in paragraph (i) whether by way of conversion, exchange, dividend, or stock split, other distribution or otherwise or in connection with a combination of shares, recapitalization, merger, consolidation, or other reorganization or otherwise.

Securities that are Registrable Securities will cease to be Registrable Securities:

(i) when a registration statement with respect to the sale of such securities has become effective under the Securities Act and such securities have been disposed of in accordance with such registration statement,

(ii) when such securities shall have been sold pursuant to Rule 144 or Rule 145 (or any successor provisions) under the Securities Act or in any other transaction in which the applicable purchaser does not receive "restricted securities" (as that term is defined for purposes of Rule 144 under the Securities Act),

(iii) on the first date on which such securities can be sold without regard to the volume and manner of sale limitations set forth in Rule 144 (or any successor provision),

(iv) when such securities cease to be outstanding,

(v) when such securities have been transferred to a transferee who has not agreed in writing to be bound by the terms and conditions of this Agreement,

(vi) when such securities cease to be of a class of securities that is listed and traded on a national securities exchange or the National Market of the National Association of Securities Dealers, Inc. Automated Quotation System, or

(vii) ten years from the date hereof except for securities covered by a Demand Registration prior to the expiration of such ten year period with respect to which such securities shall cease to be Registrable Securities ten years and 90 days from the date hereof.

"Registration Statement" means a registration statement (including the related Prospectus) of Holding under the Securities Act on Form S-3 or any successor thereto or if Holding is not eligible to use such form, then Form S-1 or any successor thereto. The term "Registration Statement" shall also include all exhibits, financial statements, and schedules and all documents incorporated by reference in such Registration Statement when it becomes effective under the Securities Act, and in the case of the references to the Registration Statement as of a date subsequent to the effective date, as amended or supplemented as of such date.

"SEC" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act or the Exchange Act.

"Securities Act" means the Securities Act of 1933, or any successor federal statute, and the rules and regulations of the SEC promulgated thereunder, in each case as amended from time to time.

"Selling Unitholder" means any Unitholder whose Registrable Securities are included at the request of such Unitholder in any Registration Statement pursuant to Article 2 or Article 3.

"Third-Party Demand Unitholder" means any Person having the right to require that Holding effect a registration under the Securities Act of securities owned by such Person, other than pursuant to this Agreement, and any other Person exercising incidental rights of registration pursuant to the agreement under which such first Person has the right to require registration.

"Unitholder" means Bernstein and any Permitted Transferee:

(i) to whom any Registrable Securities or any rights to acquire any Registrable Securities are transferred by any Person that was, immediately prior to such transfer, a Unitholder,

(ii) who continues to hold such Registrable Securities or the right to acquire such Registrable Securities,

(iii) to whom the transferring Unitholder has assigned any of its rights under this Agreement, in whole or in part, in accordance with the provisions of Section 7.6 of this Agreement with respect to such Registrable Securities, and

(iv) who has executed a counterpart hereof in connection with the transfer of such Registrable Securities.

"Unitholder Representative" means Bernstein.

"Unitholder Indemnified Parties" means each Selling Unitholder, its officers, directors, members and partners, each Person (if any) who controls such Selling Unitholder within the meaning of either the Securities Act or the Exchange Act, and the officers, directors, members and partners of the foregoing parties.

1.2 Terms Defined Elsewhere in this Agreement. For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated:

Term	Section
Capital Units	Preamble
Delaying Event	Section 2.5(a)
Demand Registration	Section 2.1
Demand Request	Section 2.2(a)
Demanding Unitholders	Section 2.2(a)
Incidental Registration	Section 3.1(a)
Minimum Condition	Section 2.2(c)
Proposed Sale Notice	Section 4.6
Registration Expenses	Section 5.1
Sale Period	Section 2.5(b)

1.3 Terms Generally. The definitions in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context requires, any pronoun includes the corresponding masculine, feminine, and neuter forms. The words "include," "includes," and "including" are not limiting. Any reference in this Agreement to a "day" or number of "days" (without the explicit qualification of "Business") shall be interpreted as a reference to a calendar day or number of calendar days. If any action or notice is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action or notice shall be deferred until, or may be taken or given on, the next Business Day.

2. Demand Registration.

2.1 Demand Registration. At any time on or after two (2) years after the date hereof but not later than ten (10) years after the date hereof, the Unitholders (through the Unitholder Representative, as described below) shall have the right to require that Holding register under the Securities Act the offer or sale of all or a portion of the Registrable Securities held by the Unitholders on the terms and subject to the conditions and limitations set forth herein. The registration of Registrable Securities under the Securities Act in accordance with this Article 2 is referred to in this Agreement as a "Demand Registration." The number of Demand Registrations to which the Unitholders collectively shall be entitled shall not exceed one (1) per Demand Period.

2.2 Procedure for Unitholder Representative; Procedures for Demand Registrations.

(a) The Unitholder Representative may initiate a Demand Registration pursuant to this Section 2.2(a) by furnishing Holding and each Unitholder with a written notice ("Demand Request") specifying (i) the number of Registrable Securities the Unitholders desire to have registered, which must be an amount at least equal to the Minimum Condition, (ii) the Unitholders intending to register their Registrable Securities, (iii) the respective amount of Registrable Securities intended to be registered by each such Unitholder, and (iv) the intended method or methods of distribution of all such Registrable Securities by such Unitholders. The Unitholders whose Registrable Securities are included in the Demand Request are referred to as the "Demanding Unitholders."

(b) If the number of Registrable Securities that the Unitholder Representative desires to have registered, as specified in the Demand Request, does not satisfy the Minimum Condition, then Holding will have no obligation to effect a Demand Registration in response to such Demand Request.

(c) The "Minimum Condition" means that the number of Registrable Securities that the Unitholder Representative desires to have registered, as specified in the Demand Request, of not less than 1,000,000 Holding Units (such number to be adjusted equitably to account for any stock dividend, stock split (including a reverse stock split) or similar transaction) or, if less, all of the Registrable Securities.

(d) Following the effectiveness of a Registration Statement filed in connection with a Demand Registration, Holding will not be required to file a Registration Statement for a subsequent Demand Registration within twelve months after the date on which it received the Demand Request pursuant to Section 2.2(a) for the immediately preceding Demand Registration.

(e) As soon as reasonably practicable after receipt of a Demand Request (which satisfies the Minimum Condition), and, in the case of a Registration Statement on Form S-3, as soon as reasonably practicable but not later than 45 days after receipt of a Demand Request (which satisfies the Minimum Condition), subject to Section 2.5, Holding will file with the SEC and use its reasonable best efforts to cause to become effective as promptly as practicable a Registration Statement that covers the Registrable Securities requested to be registered in the Demand Request; provided that Holding's obligations with respect to any such Registration Statement shall terminate if the securities requested to be registered in the Demand Request cease to be Registrable Securities. Subject to the provisions of Section 2.4 below, each Registration Statement may also include securities to be sold for the account of Holding, for Unitholders who do not participate as Demanding Unitholders but who exercise their rights under Article 3 below, or for any other unitholder of Holding. If at the time of receipt of a Demand Request Holding is subject to the periodic reporting obligations of the Exchange Act, then Holdings shall, if requested by the Unitholder Representative, use its reasonable best efforts to cause any Registration Statement filed pursuant to this Article 2 to be a shelf registration statement.

2.3 Underwriters.

(a) The Unitholder Representative shall have the right to select the lead book running managing underwriter for any underwritten public offering in connection with a Demand Registration, which lead managing underwriter shall be reasonably acceptable to Holding. Holding hereby agrees that as of the date hereof Merrill Lynch & Co. is reasonably acceptable to Holding.

(b) Each Demanding Unitholder electing to participate in a Demand Registration involving an underwritten public offering shall, as a condition to participation in such underwritten offering, enter into and perform its obligations under an underwriting agreement or other similar arrangement in customary form with the lead underwriter of such offering.

(c) The maximum number of marketed underwritten offerings during any Demand Period shall be one (1) and the maximum number of underwritten “block” offerings during any Demand Period shall be one (1).

2.4 Limitation on Inclusion of Registrable Securities.

(a) If the book running managing underwriter of any underwritten public offering, including a “block” offering by Unitholders, in connection with a Demand Registration determines in good faith that the aggregate number of Registrable Securities to be offered exceeds the number of shares that could be sold without having an adverse effect on such offering (including the price at which the Registrable Securities may be sold), then the number of Registrable Securities to be offered for the accounts of the Demanding Unitholders in such offering shall be reduced or limited on a *pro rata* basis, based on the respective numbers of Registrable Securities requested to be included in such offering by the Demanding Unitholders, to the extent necessary to reduce the total number of shares to be included in such offering to the amount recommended by the book running managing underwriter; *provided, however*, that if such registration includes securities other than Registrable Securities of the Demanding Unitholders (whether for the account of Holding or for any unitholder of Holding not exercising rights under Section 2.2), such reduction or limitation shall be made:

(i) first, from securities held by Persons who are not Unitholders, Holding or affiliates of Holding,

(ii) second, from securities being offered for the account of Holding or its affiliates, allocated between Holding and such other Persons as Holding may determine; and

(iii) third, from the number of Registrable Securities requested to be included in such offering by the Demanding Unitholders, on a *pro rata* basis, based on the number of Registrable Securities requested to be included in the registration by each Demanding Unitholder.

(b) The Unitholder Representative may elect not to proceed with the registration if less than 75% of the Registrable Securities requested to be registered by each of the Demanding Unitholders are included in such registration. If the Unitholder Representative elects not to proceed with the registration pursuant to this Section 2.4(b), the Registration Statement for such registration shall be promptly withdrawn, and if the Unitholder Representative so elects and the Demanding Unitholders pay all reasonable out-of-pocket Registration Expenses incurred by Holding in connection with such Registration Statement, a Demand Registration shall not be deemed to have been effected for purposes of this Agreement (including the limitations on the number of Demand Registrations set forth in Section 2.1 above). If the Unitholder Representative elects not to proceed with the registration pursuant to this Section 2.4(b) and the Demanding Unitholders do not pay all reasonable out-of-pocket Registration Expenses incurred by Holding in connection with such Registration Statement, a Demand Registration shall be deemed to have been effected for purposes of this Agreement (including the limitations on the number of Demand Registrations set forth in Section 2.1 above).

2.5 Delay of Filing or Sales.

(a) Holding shall have the right, exercisable by giving written notice signed by an executive officer of Holding of the exercise of such right to the Unitholder Representative, subject to Section 2.5(b), at any time and from time to time and specifying that it is pursuant to this Section 2.5, to delay filing or the declaration of effectiveness of a Registration Statement or to require the applicable Selling Unitholders not to sell any Registrable Securities pursuant to an effective Registration Statement for up to two periods of sixty days per Demand Period, which may be consecutive, each beginning on the date on which such notice is given, or such shorter period of time as may be specified in such notice or in a subsequent notice delivered by Holding to such effect if Holding shall determine, in its good faith judgment, that it is not in the best interest of Holding (1) to proceed with such filing or request for effectiveness or to allow such sale at such time, or (2) to permit offerings given priority pursuant to Section 2.8 (any such notice, a “Delaying Event”). In order for the exercise of the right pursuant to clause (1) set forth in the immediately preceding sentence to be valid, Holding shall prohibit sales of Capital Units and Holding Units by its directors and executive officers and any other holders of registration rights with respect to such securities for so long as sales of Units by Unitholders are prohibited by this Section 2.5.

(b) Holding covenants and agrees that notwithstanding any other provision of this Agreement during each Demand Period Unitholders will be provided at least 60 days, including not less than one period of 30 consecutive days, during which Unitholders will be permitted to offer or sell Registrable Securities pursuant to an effective Registration Statement under Article 2 hereof (each such 60-day period, a "Sale Period"). The parties hereto agree that it shall not be a violation of this Agreement if during a Demand Period the Unitholders do not have 60 days (including one period of 30 consecutive days) during which they can offer or sell Registrable Securities if the reason therefor is the failure of the Unitholders to timely deliver a Proposed Sale Notice, Demand Request or Resumption Notice, but such 60 day requirement will only be shortened by the number of days by which the related Proposed Sale Notice, Demand Request or Resumption Notice, as the case may be, was not timely. Unless it has given a notice pursuant to Section 2.5(a), Holding will not be deemed to have exercised its rights pursuant to Section 2.5(a) with respect to any day on which no Registration Statement relating to Registrable Securities is effective. The Unitholders may not offer or sell any Registrable Securities registered pursuant to this Agreement on more than 60 days during any Demand Period.

(c) If Holding postpones its obligations under this Agreement by reason of a Delaying Event as described in Section 2.5(a), any Selling Unitholder will have the right to withdraw its Registrable Securities from the applicable Demand Registration or Incidental Registration, by giving notice to Holding at any time following delivery of Holding's notice pursuant to Section 2.5(a) and if Selling Unitholders withdraw their Registrable Securities following delivery of such notice, a Demand Registration shall not be deemed to have been effected for purposes of this Agreement.

(d) The Unitholder Representative may not deliver a Demand Request pursuant to the first sentence of Section 2.2(a) during the period of any postponement pursuant to Section 2.5(a) until Holding notifies the Unitholder Representative of the end of such Delaying Event or the expiration of the period described in Section 2.5(a).

(e) Holding shall have the right, exercisable by giving notice of the exercise of such right to the applicable Selling Unitholders, to delay filing or the declaration of effectiveness of a Registration Statement during any period in which, as a result of Holding's failure to satisfy the conditions in Rule 3-01(c) of Regulation S-X, Holding is required to include in the Registration Statement audited financial statements of Holding prior to the date on which such audited financial statements would normally have been prepared in accordance with Holding's past practices and the SEC's periodic reporting requirements.

(f) The Unitholder Representative may, from time to time, deliver to Holding a notice that the Unitholders have elected to suspend offers or sales (such notice, a "Suspension Notice") pursuant to an effective Registration Statement. Upon delivery of such Notice, the Unitholders shall suspend making offers or sales under such Registration Statement until such time as the Unitholder Representative has delivered a notice to Holding that the Unitholders have elected to resume making offers or sales (a "Resumption Notice"), which Resumption Notice shall in no event be delivered earlier than 6 Business Days prior to the commencement of the Demand Period immediately following the Demand Period in which such Suspension Notice was delivered and which shall be delivered not less than 6 Business Days nor more than 30 Business Days prior to the resumption of offers or sales under an effective Registration Statement. The parties agree that the delivery of a Suspension Notice shall toll the running of the Sale Period until the earlier of (i) the resumption of offers or sales under an effective Registration Statement or (ii) the effectiveness of a new Registration Statement following a Demand Request.

2.6 Withdrawal.

(a) If (i) a Registratio n Statement filed pursuant to this Article 2 does not remain effective under the Securities Act for the period specified in Section 2.7(a) due to a stop order, injunction, or other order of the SEC or other governmental agency, (ii) the Demanding Unitholders have not sold at least 75% of their Registrable Securities registered under such Registration Statement and (iii) such Registration Statement was not filed with the SEC as an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, then the Demanding Unitholders may elect to withdraw such Registration Statement by written notice to Holding; and, in such an event, such registration shall not be deemed to have been a Demand Registration for purposes of the limitations on the number of Demand Registrations contained in Section 2.1, and Holding shall bear the Registration Expenses incurred in connection with such registration unless a Unitholder is reasonably determined to have caused the issuance of such stop order, injunction or other order of the SEC.

(b) Each Selling Unitholder may, no less than five Business Days before any Registration Statement becomes effective, withdraw some or all of its Registrable Securities from inclusion in the Registration Statement. If such withdrawals result in the Minimum Condition not being satisfied, then Holding may withdraw such Registration Statement unless the remaining Demanding Unitholders agree to include additional Registrable Securities in the registration such that the Minimum Condition would be satisfied. If Holding withdraws a Registration Statement pursuant to this Section 2.6(b), the Demanding Unitholders shall bear the Registration Expenses incurred by Holding in connection with such registration.

(c) If Holding withdraws a Registration Statement pursuant to Section 2.6(b), then the requested registration shall be deemed to have been a Demand Registration for purposes of the limitations on the number of Demand Registrations contained in Section 2.1 unless

(i) at the time of a Unitholder's withdrawal of Registrable Securities pursuant to Section 2.6(b), there has been a material adverse change in the operating results, financial condition, or business of Holding that was not publicly known at the time that the Minimum Condition was originally satisfied; or

(ii) Holding has postponed its obligations under this Agreement by reason of a Delaying Event as described in Section 2.5(a).

2.7 Effectiveness of Registration Statement.

(a) In connection with any Demand Registration pursuant to Section 2.2, subject to Section 2.5, Holding will use its best efforts to prepare and file with the SEC any amendments and supplements to the Registration Statement and the Prospectus used in connection therewith, and to take any other actions, that may be necessary to keep the Registration Statement and the Prospectus effective, current, and in compliance with the provisions of the Securities Act, until the earlier of (1) the date that is ten years plus 90 days from the date hereof and (2) (A) in the case of a Registration Statement on Form S-1 (or any equivalent successor thereto), the sooner of (i) the sale of all of the Registrable Securities covered by such Registration Statement in accordance with the intended methods of distribution thereof or (ii) the 180th day following the effective date of such Registration Statement and (B) in the case of a Registration Statement on Form S-3, the sale of all Registrable Securities covered by such Registration Statement in accordance with the intended methods of distribution thereof.

(b) A Demand Registratio n shall not be deemed to have been effected for purposes of this Agreement (including the limitations on the number of Demand Registrations set forth in Section 2.1 above) until the earlier of (i) the Registration Statement therefor being declared effective under the Securities Act by the SEC and having remained effective for a Sale Period or (ii) the receipt by Holding of a Suspension Notice.

2.8 Priority of Holding and Employees, Officers and Directors of Capital. An offering of Holding Units by Holding and sales of Holding Units by the employees, officers and directors of Capital shall have priority over any public offering of Registrable Securities by the Unitholders pursuant to Article 2 hereof.

3. Incidental Registration.

3.1 Notice of Incidental Registration.

(a) Subject to Section 3.1(b), if Holding at any time after the date hereof proposes to register under the Securities Act any securities of the same class as any of the Registrable Securities (whether in an underwritten public offering or otherwise and whether or not for the account of Holding or for any unitholder of Holding, including Selling Unitholders registering Registrable Securities in a Demand Registration pursuant to Section 2.2), in a manner that would permit the registration under the Securities Act of Registrable Securities for sale to the public, Holding will give written notice to the Unitholder Representative of its intention to do so not later than ten days prior to the anticipated filing date of the applicable Registration Statement. If the proposed registration is intended to be a Demand Registration, Holding shall give the notice described in the preceding sentence only to those Unitholders that did not previously elect to become Demanding Unitholders pursuant to Section 2.2 with respect to such registration. Any Unitholder may elect to participate in such registration on the same basis as the planned method of distribution contemplated by the proposed registration by delivering written

notice of its election to Holding within five days after its receipt of Holding's notice pursuant to this Section 3.1(a). A Unitholder's election pursuant to this Section 3.1(a) must (i) specify the amount of Registrable Securities desired to be included in such registration by such Unitholder and (ii) include any other information that Holding reasonably requests be included in such registration statement. Upon its receipt of a Unitholder's election pursuant to this Section 3.1(a), Holding will, subject to Section 3.2, use its reasonable best efforts to include in such registration all Registrable Securities requested to be included. Any registration of Registrable Securities pursuant to this Article 3 is referred to as an "Incidental Registration."

(b) Holding shall have no obligation under this Article 3 with respect to any registration effected pursuant to a registration statement on Form S-4 (or any other registration statement registering units issued in a merger, consolidation, acquisition, or similar transaction) or Form S-8 or any successor or comparable forms, or a registration statement filed in connection with an exchange offer or any offering of securities solely to Holding existing unitholders or otherwise pursuant to a dividend reinvestment plan, stock purchase plan, or other employee benefit plan.

3.2 Limitation on Inclusion of Registrable Securities; Priorities. If the proposed method of distribution in connection with an Incidental Registration is an underwritten public offering and the lead managing underwriter thereof determines in good faith that the amount of securities to be included in such offering would adversely affect such offering (including an adverse effect on the price at which the securities proposed to be registered may be sold), the amount of securities to be offered may be reduced or limited to the extent necessary to reduce the total number of securities to be included in such offering to the amount recommended by the lead managing underwriter as follows:

(a) in connection with an offering initiated by Holding, if securities are being offered for the account of other Persons (including any Unitholders) such reduction shall be made:

(i) first, from the securities intended to be offered by such other Persons (including any Unitholders), on a *pro rata* basis, based on the number of Registrable Securities and other securities that are requested to be included in such offering; and

(ii) last, from the number of securities to be offered for the account of Holding;

(b) in connection with an offering initiated by a Third-Party Demand Unitholder, such reduction shall be made:

(i) first, from securities held by Persons who are not Unitholders, Third-Party Demand Unitholders, or other unitholders entitled under any agreements between them and Holding to participate *pari passu* with the Selling Unitholders in such Incidental Registration;

(ii) second, from the number of Registrable Securities requested to be included in such offering by the Selling Unitholders and any other unitholders entitled under any agreements between them and Holding to participate *pari passu* with the Selling Unitholders in such Incidental Registration, on a *pro rata* basis, based on the number of Registrable Securities and other securities which are requested to be included in the registration; and

(iii) last, from securities being offered by the Third-Party Demand Unitholders.

(c) For purposes of Section 3.2(b), the rights of the Unitholders shall rank pari passu with the incidental rights of Equitable and any of its affiliates (except to the extent that such other unitholders, including Equitable or any of its affiliates, are Third-Party Demand Unitholders).

3.3 Delay or Withdrawal of Registration. Holding may, without the consent of any Unitholder, delay, suspend, abandon, or withdraw any proposed registration in which any Unitholder has requested inclusion of Unitholder's Registrable Securities pursuant to this Article 3.

3.4 Withdrawal by Selling Unitholder. Each Selling Unitholder may, no less than five Business Days before the anticipated commencement of the applicable road show, withdraw some or all of its Registrable Securities from inclusion in the Registration Statement. No such withdrawal shall relieve any withdrawing Selling Unitholder of its obligation to pay expenses incurred solely with respect to such withdrawn Registrable Securities.

3.5 Underwriters; Underwriting Agreement. In connection with any Incidental Registration involving an underwritten public offering of securities for the account of Holding or a Third-Party Demand Unitholder, (a) the managing and lead underwriters shall be selected by Holding, unless otherwise provided in any agreement between Holding and any Third-Party Demand Unitholder, and (b) each Selling Unitholder electing to participate in the Incidental Registration shall, as a condition to Holding's obligation under this Article 3 to include such Selling Unitholder's Registrable Securities in such Incidental Registration, enter into and perform its obligations under an underwriting agreement or other similar arrangement in customary form with the managing underwriter of such offering.

4. Obligations with Respect to Registration.

4.1 Obligations of Holding. Whenever Holding is obligated by the provisions of this Agreement to effect the registration of any Registrable Securities under the Securities Act, subject to Section 2.5, Holding shall:

(a) Subject to the provisions of Section 4.2, use its reasonable best efforts to cause the applicable Registration Statement to become effective as promptly as practicable, and to prepare and file with the SEC any amendments and supplements to the Registration Statement and to the Prospectus used in connection therewith as may be necessary to keep the Registration Statement and the Prospectus effective, current, and in compliance with the provisions of the Securities Act, during the periods when Holding is required by this Agreement to keep the Registration Statement effective and current.

(b) Within a reasonable time not to exceed four Business Days prior to filing a Registration Statement or Prospectus or any amendment or supplement thereto (other than any amendment or supplement in the form of a filing that Holding makes pursuant to the Exchange Act), furnish to the Unitholder Representative and each underwriter, if any, of the Registrable Securities covered by such Registration Statement copies of such Registration Statement or Prospectus as proposed to be filed, which documents will be subject to the reasonable review and comments of the Selling Unitholders (and their respective counsel) during such period, and Holding will not file any Registration Statement or any Prospectus or any amendment or supplement thereto if such Selling Unitholder reasonably objects in writing on a timely basis (such objection shall be given within four Business Days from the date the Unitholder Representative receives such Registration Statement, amendment, Prospectus or supplement), unless Holding is advised in writing by its outside counsel that such Registration Statement or amendment thereto or any Prospectus or supplement thereto is required to be filed by applicable law. Thereafter, Holding will furnish to each Selling Unitholder and each underwriter, if any, upon request such number of copies of such Registration Statement, each amendment and supplement thereto (in each case including, if requested in writing, all exhibits thereto and any documents incorporated by reference), the Prospectus included in such Registration Statement (including each preliminary Prospectus), and such other documents as such Selling Unitholder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Unitholder.

(c) After the filing of the Registration Statement, promptly notify the Unitholder Representative of the effectiveness thereof and of any stop order issued or threatened by the SEC and take all reasonable actions required to prevent the entry of such stop order or to remove it at the earliest possible moment if entered and promptly notify the Unitholder Representative of the lifting or withdrawal of any such order, and, in the case of a Demand

Registration, notify the Unitholder Representative of any comments by the SEC with respect to such Registration Statement or any document incorporated by reference therein, if any.

(d) Promptly notify each Selling Unitholder holding Registrable Securities covered by the applicable Registration Statement at any time when a Prospectus relating thereto is required to be delivered under the Securities Act, of (i) the determination that a Delaying Event exists or (ii) the occurrence of an event requiring the preparation of a supplement or amendment to such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading (provided that the timely filing of a report under the Exchange Act which is incorporated by reference in the Registration Statement and related Prospectus that amends or supplements the related Prospectus so that as thereafter delivered to purchasers of such Registrable Securities, such Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, shall constitute effective notice under clause (ii) above; and provided further, that such notice may be the same notice delivered pursuant to Section 2.5(a); and provided further that notice of an event of the type referred to in clause (ii) above (without notice of the nature or details of such event) shall constitute effective notice under clause (ii) above. In the event of an occurrence described in clause (ii) above, Holding shall, subject to the provisions of this Agreement regarding the existence of a Delaying Event, promptly prepare and furnish to such Selling Unitholder such supplement to or an amendment of such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus will not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading.

(e) Enter into customary agreements (including an underwriting agreement in customary form including customary representations and warranties and indemnification provisions) and perform its obligations under any such agreements and shall take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities.

(f) In connection with the registration or offering of Registrable Securities, make available for inspection by the Unitholder Representative on behalf of any Selling Unitholder covered by such Registration Statement, the lead book running managing underwriter selected by the Unitholder Representative pursuant to Section 2.3 participating in any disposition pursuant to such Registration Statement, and any attorney, accountant, or other professional retained by any such Selling Unitholder or underwriter, all financial and other records, pertinent corporate documents, and properties of Holding as shall be reasonably necessary to enable them to exercise their due diligence responsibility in connection therewith, and cause Holding's officers, directors, and employees to make reasonably available for inspection all information reasonably requested by any of such Persons in connection with such Registration Statement; provided, however, that such Persons shall first agree in writing with Holding that any information that is reasonably and in good faith determined by Holding to be confidential shall be kept confidential by such persons and shall be used solely for the purposes of exercising rights under this Agreement, unless (i) disclosure of such information is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities or, (ii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard by any such Person and provided, further, that Holding shall not be required to disclose any information subject to the attorney-client or attorney work product privilege if and to the extent such disclosure would constitute a waiver of such privilege unless such disclosure is necessary to avoid or correct a material misstatement or omission in any Registration Statement, subject to Section 2.5(a).

(g) Furnish, in the case of an underwritten public offering, to each underwriter a signed counterpart of (i) an opinion or opinions of in-house counsel or outside counsel, as are customarily requested by lead underwriters, to Holding addressed to such underwriters (on which opinion each such underwriter shall be entitled to rely), (ii) a comfort letter or comfort letters from Holding's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the managing underwriter therefor reasonably requests, and (iii) deliver such documents or certificates as may be reasonably requested by the lead underwriter to evidence the satisfaction of any customary conditions contained in the underwriting agreement.

(h) Use reasonable best efforts to register or qualify the Registrable Securities covered by a Registration Statement under the securities or blue sky laws of such United States jurisdictions as the Unitholder Representative shall reasonably request, and do any and all other acts and things which may be necessary to enable each Selling Unitholder to consummate the disposition in such jurisdictions of such Registrable Securities in accordance with the method of distribution described in such Registration Statement; *provided, however*, that Holding shall not be required (i) to qualify to do business as a foreign corporation in any jurisdiction where it is not otherwise required to be so qualified, (ii) to conform its capitalization or the composition of its assets at the time to the securities or blue sky laws of such jurisdiction, (iii) to take any action that would subject it to service of process under the laws of any jurisdiction other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject, (iv) to subject itself to taxation in any jurisdiction where it has not theretofore done so, or (v) to register or qualify the Registrable Securities under such securities or blue sky laws prior to the effective date of any such Registration Statement unless an earlier registration or qualification is required by such securities or blue sky laws.

(i) Use its reasonable best efforts to (i) cause such Registrable Securities covered by a Registration Statement to be listed on the principal exchange or exchanges or qualified for trading on the principal over-the-counter market or listed on the automated quotation market on which securities of the same class and series as the Registrable Securities are then listed, traded, or quoted upon the sale of such Registrable Securities pursuant to such Registration Statement and (ii) provide a transfer agent and registrar for such Registrable Securities covered by such Registration Statement not later than the effective date of such Registration Statement.

(j) (i) In connection with a transfer of Registrable Securities make information available to the Unitholders and their respective transferees information relating to Holding so as to satisfy the requirements of Rule 144 under the Securities Act (or any successor or corresponding rule) and (ii) file with the SEC all reports and other documents required of Holding under the Securities Act and the Exchange Act in a timely manner.

(k) Make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, but not more than eighteen months, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act (provided that Holding shall not be deemed in violation of this paragraph so long as it files customary quarterly reports with the SEC for such period).

(l) Subject to the exceptions covered in clauses (i) through (v) of subsection (h) hereof, use its reasonable best efforts to cause such Registrable Securities covered by such Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the holder or holders thereof to consummate the disposition of such Registrable Securities.

(m) Use its reasonable best efforts, subject to the other duties and responsibilities of Holding's senior executive officers, to make available one or more senior executive officers of Holding (the selection of whom shall be in Holding's sole discretion) to participate with the Selling Unitholders and any underwriters in any "road show" (which shall not involve presentations at more than two cities) that may be reasonably requested by the Unitholders' Representative in connection with the distribution of Registrable Securities, pursuant to a Demand Registration; provided, however, the number of "road shows" that the Unitholders shall collectively be entitled to require Holding to participate in pursuant to such requests shall be one per Demand Period.

(n) If requested by the managing underwriter or any Selling Unitholder named in a Registration Statement, promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter or such Selling Unitholder reasonably requests to be

included therein as is required by applicable law or as is necessary so that the Registration Statement does not include an untrue statement of a material fact or omit to state a material fact with respect to such holder or such holder's planned method of distribution, including, without limitation, with respect to the number of Registrable Securities being sold by such Selling Unitholder to such underwriter, the purchase price being paid therefor by such underwriter and with respect to any other terms of the underwritten offering of the Registrable Securities to be sold in such offering; and make all required filings of such prospectus supplement or post-effective amendment as soon as practicable after being notified of the matters incorporated in such prospectus supplement or post-effective amendment.

(o) Cooperate with the Selling Unitholder and the managing underwriter to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing securities to be sold under the Registration Statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter or such Selling Unitholder may request.

(p) Cooperate with each Selling Unitholder and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the NASD.

4.2 Selling Unitholders' Obligations. Holding's obligations under this Agreement to a Selling Unitholder shall be conditioned upon such Selling Unitholder's compliance with the following:

(a) Such Selling Unitholder shall cooperate with Holding in connection with the preparation of the Registration Statement, and for so long as Holding is obligated to keep the Registration Statement effective, such Selling Unitholder will provide to Holding, in writing, for use in the Registration Statement, all information regarding such Selling Unitholder, its intended method of disposition of the applicable Registrable Securities, and such other information as Holding may reasonably request. Subject to Holding providing the Unitholder Representative with a copy of any Registration Statement or prospectus or amendment or supplement thereto in the form in which it is proposed to be filed not less than four Business Days prior to such filing, and so long as such Registration Statement or prospectus or amendment or supplement thereto does not contain any statement or omission with respect to which the Unitholder Representative has objected in writing prior to the applicable filing, any sale of any Registrable Securities by a Selling Unitholder shall constitute a representation and warranty by such Selling Unitholder that the information relating to such Selling Unitholder and its plan of distribution is as set forth in the Prospectus delivered by such Selling Unitholder in connection with such disposition, that such Prospectus does not as of the time of such sale contain any untrue statement of a material fact relating to or provided by such Selling Unitholder or its plan of distribution and that such Prospectus does not as of the time of such sale omit to state any material fact relating to or provided by such Selling Unitholder or its plan of distribution necessary to make the statements in such Prospectus provided by such Selling Unitholder, in the light of the circumstances under which they were made, not misleading.

(b) Such Selling Unitholder agrees that, upon receipt of any notice from Holding of the happening of any event of the kind described in Section 4.1(d), such Selling Unitholder will discontinue its offering and sale of Registrable Securities pursuant to the applicable Registration Statement until such Selling Unitholder's receipt of either (i) notice from Holding that a Delaying Event no longer exists (but for no longer than the end of the 60 or 120-day period described in Section 2.5) or (ii) the copies of the supplemented or amended Prospectus contemplated by Section 4.1(d), and, in either case, if so directed by Holding, such Unitholder will deliver to Holding all copies in its possession of the most recent Prospectus covering such Registrable Securities at the time of receipt of such notice. In the event Holding shall give any such notice, the periods mentioned in Section 2.7(a) shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 4.1(d) to and including the date when Holding shall make readily available to each holder of Registrable Securities covered by such Registration Statement a copy of the supplemented or amended prospectus contemplated by Section 4.1(d).

4.3 Underwriting Agreement. Neither Holding nor any other Person may participate in any underwritten public offering in connection with a Demand Registration or an Incidental Registration unless such Person (i) agrees to sell its securities on the basis provided in any underwriting arrangements approved by the Person or Persons selecting the lead managing underwriters for such offering and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, and other documents reasonably required under the terms of such underwriting arrangements and this Agreement.

4.4 Holdback by Holding. Holding agrees not to engage in any public or private sale or distribution by it of any securities of the same class or series as the Registrable Securities or securities convertible into, or exchangeable or exercisable for, or the value of which relates to or is based upon, such securities (other than issuances of Capital Units to Equitable or any of its affiliates) during the ten days prior to, and during the 45-day period beginning on, the effective date of any Registration Statement (or, in the case of an offering pursuant to Rule 415 under the Securities Act, the commencement of such offering to the public of such Registrable Securities) filed with respect to any underwritten public offering of Registrable Securities pursuant to a Demand Registration to the extent the lead book running managing underwriter for such offering advises Holding in writing that a public sale or distribution during such 45-day period (including a sale pursuant to Rule 144 under the Securities Act) of Registrable Securities by Holding other than pursuant to the public offering contemplated by such Registration Statement would materially adversely impact such underwritten public offering), except as part of such registration; *provided, however,* that the limitation set forth in this Section 4.4 shall not apply: (a) to registrations by Holding on Form S-4 or any other registration of shares issued in a merger, consolidation, acquisition, or similar transaction or on Form S-8, or any successor or comparable forms, or a registration statement filed in connection with an exchange offer of securities of Holding made solely to Holding's existing unitholders or otherwise pursuant to a dividend reinvestment plan, stock purchase plan, or other employee benefit plan; (b) to sales by Holding upon exercise or exchange, by the holder thereof, of options, warrants or convertible securities; (c) to any employee benefit plan (if necessary to allow such plan to fulfill its funding obligations in the ordinary course); or (d) to any registration effected as a shelf registration under Rule 415 of the Securities Act. This Section 4.4 shall not limit any public sale or distribution of any securities of Holding by any Third-Party Demand Unitholder or any Person having the right to require that Holding include its securities in any registration initiated by any Third-Party Demand Unitholder.

4.5 Holdback by Unitholders. Except pursuant to Article 3 hereof, or as otherwise permitted by Holding, and subject to Section 2.5(b), Unitholders shall not be permitted to engage in any public or private sale or distribution of Registrable Securities during the 15-day period prior to and during the 90-day period beginning on the closing date of an underwritten offering of units of Holding pursuant to any registration by Holding during a Demand Period (such period, a "Unitholder Holdback Period").

4.6 Notice to Holding of Proposed Sale. A Unitholder shall provide written notice to Holding of not less than six Business Days nor more than thirty Business Days of its intention to consummate a sale under this Agreement (such notice, a "Proposed Sale Notice").

5. Expenses of Registration.

5.1 Registration Expenses. For purposes of this Agreement, the term "Registration Expenses" means all expenses incurred by Holding in connection with the registration of the Registrable Securities pursuant to this Agreement other than those expenses referred in section 5.3 including, without limitation, the following:

(a) registration, application, filing, listing, transfer (including transfer agent), and registrar fees,

(b) NASD fees and fees and expenses of registration or qualification of Registrable Securities under state securities or blue sky laws,

(c) printing expenses (or comparable duplication expenses), delivery charges, and escrow fees,

(d) fees and disbursements of counsel for Holding,

(e) fees and expenses for independent certified public accountants retained by Holding (including the expenses of any comfort letters or costs associated with the delivery by independent certified public accountants of a comfort letter or comfort letters),

(f) fees and expenses of any special experts retained by Holding in connection with such registration;

(g) fees and disbursements of underwriters and broker-dealers customarily paid by issuers or holders of securities, and

(h) fees and expenses of listing the Registrable Securities on a securities exchange or over-the-counter market.

5.2 Selling Unitholder Expenses. Each Selling Unitholder shall pay all of its expenses incurred in connection with any Demand Registration or Incidental Registration, including, without limitation, all stock transfer fees or expenses (including the cost of all transfer tax stamps), if any, all underwriting or brokerage discounts and commissions and all fees and disbursements of counsel for Selling Unitholder attributable to the distribution of the Registrable Securities of such Selling Unitholder included in such registration.

5.3 Internal Expenses of Holding. Notwithstanding any other provision of this Agreement, Holding shall be obligated to bear all internal expenses of Holding in connection with any Demand Registration or Incidental Registration (including all salaries and expenses of its officers and employees performing accounting and legal functions and related expenses).

5.4 Reimbursement of Holding Expenses. Except as otherwise provided by Section 2.4(b) and Section 2.6(b), subject to Section 5.3, in connection with any Demand Registration pursuant to Article 2 hereof, the Selling Unitholders shall reimburse Holding for the following expenses incurred in connection therewith, pro rata based on the aggregate number of units of such Selling Unitholders included in such Demand Registration in relation to the aggregate number of units of all unitholders included in such Demand Registration (a) 100% of SEC filing fees and; (b) 50% of all reasonable Registration Expenses and 50% of all other reasonable out-of-pocket costs paid by Holding. All other Registration Expenses shall be borne by Holding.

6. Indemnification.

6.1 By Holding. Holding agrees to indemnify and hold harmless each Unitholder Indemnified Party from and against any Losses to which such Unitholder Indemnified Party may become subject under the Securities Act, the Exchange Act, state securities or blue sky laws, common law or otherwise, insofar as such Losses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the applicable Registration Statement or Prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, subject to Section 6.3, Holding will reimburse each such Unitholder Indemnified Party for any reasonable fees and expenses of outside legal counsel for such Unitholder Indemnified Parties, or other expenses reasonably incurred by them, as incurred, in connection with investigating or defending any such claims; *provided, however,* that Holding will not indemnify or hold harmless any Unitholder Indemnified Party from or against any Losses (including any related expenses) to the extent such Losses (including any related expenses) arise out of or are based upon an untrue statement, omission or allegation thereof from such Registration Statement or Prospectus which was made in reliance upon and in conformity with written information provided by or on behalf of any Selling Unitholder expressly for use or inclusion in the applicable Registration Statement or Prospectus. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Unitholder Indemnified Parties and shall survive the transfer of such securities by the Selling Unitholders.

6.2 By Selling Unitholders. Each Selling Unitholder, severally and not jointly, agrees to indemnify and hold harmless each Holding Indemnified Party from and against any Losses, to which such Holding Indemnified Party may become subject, insofar as such Losses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the applicable Registration Statement or the Prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, if such untrue statement, omission or allegation thereof was made in reliance upon and in conformity with written information provided by or on behalf of such Selling Unitholder or any Person who controls such Selling Unitholder expressly for use or inclusion in the applicable Registration Statement or Prospectus; *provided, however*, that with respect to the plan of distribution information provided by or on behalf of a Selling Unitholder, the parties hereto agree that a Selling Stockholder will only be responsible hereunder for the plan of distribution information provided by or on behalf of such Selling Unitholder or any Person who controls such Selling Unitholder expressly for use or inclusion in the applicable Registration Statement or Prospectus. Such indemnity shall remain in full force and effect regardless of any investigation by or on behalf of the Holding Indemnified Parties, and shall survive the transfer of such securities by the Selling Unitholder.

6.3 Procedures. Each Indemnified Party shall give notice to each Indemnifying Party promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and the Indemnifying Party may participate at its own expense in the defense, or if it so elects, assume the defense of any such claim and any action or proceeding resulting therefrom, including the employment of counsel and the payment of all expenses; provided that such counsel shall be reasonably satisfactory to the Indemnified Party. The failure of any Indemnified Party to give notice as provided in this Section 6.3 shall not relieve the Indemnifying Party from its obligations to indemnify such Indemnified Party, except to the extent the Indemnified Party's failure to so notify does not materially prejudice the Indemnifying Party's ability to defend against such claim, action, or proceeding. If the Indemnifying Party elects to assume the defense in any action or proceeding, the Indemnified Party shall have the right to employ separate counsel in such action or proceeding and to participate in the defense thereof, but such Indemnified Party shall pay the fees and expenses of such separate counsel unless (a) the Indemnifying Party has agreed to pay such fees and expenses, (b) the named parties to any such action or proceeding (including any impleaded parties) include such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that representation of both parties by the same counsel would create an actual or potential conflict of interest between such Indemnified Party and the Indemnifying Party in the conduct of the defense of such action (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not assume the defense of such action or proceeding on such Indemnified Party's behalf) or (c) the Indemnifying Party shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such claim. It is understood that the Indemnifying Party shall not, in respect of the legal expenses of any Indemnified Party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties and that all such fees and expenses shall be reimbursed as they are incurred. Such separate firm shall be designated in writing by, in the case of parties indemnified pursuant to Section 6.1, the Selling Unitholders holding a majority of the Registrable Securities covered by the applicable Registration Statement and, in the case of parties indemnified pursuant to Section 6.2, Holding. The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Party agrees to indemnify the Indemnified Party from and against any losses by reason of such settlement or judgment. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of the Indemnified Party (which consent will not be unreasonably withheld), consent to entry of any judgment, or enter into any settlement of any pending or threatened claim or litigation unless such consent to the entry of judgment or settlement (i) includes as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability on claims that are the subject matter of such proceeding and (ii) does not include a statement as to an admission of fault, culpability or a failure to act by or on behalf of the Indemnified Party.

6.4 Contribution. To the extent the indemnification provided for under this Article 6 is unavailable to an Indemnified Party hereunder or insufficient to hold the Indemnified Party harmless under Section 6.1 or Section 6.2 above in respect of any Losses referred to therein for any reason other than as specified therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Party, on the other, in connection with the statements or omissions that resulted in such Losses. The relative fault of the Indemnifying Party or Indemnified Party, as the case may be, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact has been made by, or relates to information supplied by (or that was failed to be supplied by), such Indemnifying Party or Indemnified Party, such party's relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, for purposes of this Section 6.4, subject to the limitations set forth in Section 6.3, any legal or other fees or expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any claim or proceeding. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6.4 were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in this paragraph.

If indemnification is available under this Section 6, the Indemnifying Party shall indemnify each Indemnified Party to the full extent provided in Sections 6.1 and 6.2 without regard to the relative fault of said Indemnifying Party or Indemnified Party or any other equitable consideration provided for in this Section 6.4.

6.5 Other Indemnification. Indemnification similar to that specified in the preceding provisions of Section 6.1 (mutatis mutandis) shall be given by Holding and each holder of Registrable Securities to the applicable Indemnified Parties with respect to any required registration or other qualification of securities under any federal or state law or regulation or governmental authority other than the Securities Act.

7. Miscellaneous.

7.1 Notices.

(a) Subject to Section 7.1(b), all notices, requests, demands, waivers, and other communications under this Agreement shall be in writing by hand delivery, by registered or certified first-class mail, postage prepaid, return receipt requested, sent by reliable overnight courier, or facsimile transmission, in each case to the address or facsimile number specified for the applicable party on Schedule A attached to this Agreement, or to such other Person, address, or facsimile number as any party shall specify by notice in writing to the other parties.

(b) Any notice or other communication to a party in accordance with the provisions of this Agreement shall be deemed to have been received (i) three Business Days after it is sent by certified or registered mail, postage prepaid, return receipt requested, (ii) upon receipt when delivered by hand or transmitted by facsimile (confirmation received), (iii) one Business Day after it is sent by a reliable overnight courier service, with acknowledgment of receipt requested or (iv) when receipt is acknowledged, whether telecopied or otherwise (which acknowledgment may be via electronic transmission, such as telecopier confirmation, e-mail receipt or otherwise), in each case if received prior to 5 p.m. in the place of receipt and such day is a Business Day in the place of receipt; otherwise, any such notice or other communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt. Notwithstanding the preceding sentence, notice of change of address shall be effective only upon actual receipt thereof.

(c) All such notices and communications given in accordance with Section 7.1 shall be deemed to have been duly given even if the last address or telecopier number given by a holder of Registrable Securities pursuant to this Section 7.1 and Article 4 is not current.

7.2 Amendments and Waivers. Any provision of this Agreement, including the provisions of this sentence, may not be amended modified or supplemented and waivers or consents to departures from the provisions hereof may not be given, unless Holding has obtained the written consent of holders of a majority of the then outstanding Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of holder of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other holders of Registrable Securities may be given by holders of at least a majority of the then outstanding Registrable Securities being sold by such holders. No consent, waiver, or similar act shall be effective unless in writing.

7.3 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto and supersedes all prior agreements and understandings, oral and written, among the parties hereto with respect to the subject matter hereof.

7.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

7.5 Governing Law. This Agreement shall be governed by and interpreted in accordance with the internal laws of the State of New York, without giving effect to principles of conflicts of laws thereof.

7.6 Assignment.

(a) Except as expressly provided in this Section 7.6, the rights of the parties hereto cannot be transferred or assigned and any purported assignment or transfer to the contrary shall be void *ab initio*.

(b) Notwithstanding Section 7.6(a) but subject to Section 7.6(c), a Unitholder may assign any of its rights under this Agreement without the consent of Holding to any Person to whom such Unitholder transfers Registrable Securities or rights to acquire Registrable Securities if, and only if, such transferee is a Permitted Transferee.

(c) A Unitholder shall provide Holding with prior written notice of any transfer of Registrable Securities to a transferee that has not agreed in writing to be bound by the terms and conditions of this Agreement. Such written notice shall include the identity of the transferee and the number of securities being transferred, whereupon Holding may amend any Registration Statement then in effect that includes such transferred Registrable Securities of such Unitholder to remove such Registrable Securities from such Registration Statement.

(d) No Person may be assigned any rights under this Agreement unless Holding is given written notice by the assigning party at the time of such assignment stating the name and address of the assignee, identifying the securities of Holding as to which the rights in question are being assigned, and providing a detailed description of the nature and extent of the rights that are being assigned. Any assignee hereunder shall receive such assigned rights subject to all the terms and conditions of this Agreement, including the provisions of this Section 7.6. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7.7 Binding Agreement. This Agreement will be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns. Except as set forth herein and by operation of law, no party to this Agreement may assign or delegate all or any portion of its rights,

obligations, or liabilities under this Agreement without the prior written consent of each other party to this Agreement.

[Signature page follows.]

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

Holding:
Alliance Capital Management Holding L.P.

By: Alliance Capital Management Corporation,
its general partner

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

Bernstein:
Sanford C. Bernstein Inc.

By: /s/ Jean Margo Reid
Name: Jean Margo Reid
Title: Secretary

SCB Partners:
SCB Partners Inc.

By: /s/ Jean Margo Reid
Name: Jean Margo Reid
Title: Secretary

SCHEDULE A

If to Holding:

Alliance Capital Management Holding L.P.
1345 Avenue of the Americas
New York, New York 10105
Attention: David R. Brewer
Facsimile: 212 969-1334

with a copy to

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Phillip R. Mills
Facsimile: 212 450-4800

If to Bernstein or to SCB Partners:

SCB Inc.
767 Fifth Avenue
New York, New York 10153
Attention: Jean Margo Reid
Facsimile: 212 756-4164

with a copy to

Sullivan & Cromwell
125 Broad Street
New York, New York 10004
Attention: Donald C. Walkovik
James C. Morphy
Facsimile: 212 558-1600

PURCHASE AGREEMENT

PURCHASE AGREEMENT, dated as of June 20, 2000 (the "Agreement"), by and among Alliance Capital Management L. P., a Delaware limited partnership ("Buyer"), AXA Financial, Inc., a Delaware corporation ("AXA Financial"), and Sanford C. Bernstein Inc., a Delaware corporation ("Sanford Bernstein", together with each member of the Seller Group and any transferees in a Permitted Transfer (in each case as defined below), "Seller").

W I T N E S S E T H:

WHEREAS, concurrently with the execution and delivery of this Agreement, Alliance Capital Management Holding L. P., a Delaware limited partnership ("Alliance Holding"), Buyer, Sanford Bernstein and Bernstein Technologies Inc., a California corporation ("BTI") are entering into an Acquisition Agreement, dated the date hereof (the "Acquisition Agreement"), pursuant to which the parties thereto desire to effect the transactions described therein (the "Acquisition");

WHEREAS, as consideration for the Acquisition, Seller will receive (A) $1.4754 billion in cash, (B) 2.8 million units of limited partnership interests of Buyer, and (C) 38.0 million units of limited partnership interests of Buyer subject to certain transfer restrictions specified in this Agreement and the Acquisition Agreement; the aggregate number of units of limited partnership interests of Buyer received by Seller as part of the consideration for the Acquisition are referred to herein as the "Equity Consideration";

WHEREAS, pursuant to the terms and conditions set forth in this Agreement and in the Acquisition Agreement, Buyer, AXA Financial and Seller intend that Seller shall have certain rights and be subject to certain limitations with respect to the transfer of Buyer Units (as defined below);

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein and other valuable consideration the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the meanings specified below:

"Acquisition": as defined in the recitals to this Agreement.

"Acquisition Agreement": as defined in the recitals to this Agreement.

"Additional Buyer Documentation": as defined in Section 4.1.1.

"Additional Documentation": as defined in Section 4.2.1.

"Additional Seller Documentation": as defined in Section 4.2.1.

"Affiliate": shall mean, in relation to any Person, any entity controlled, directly or indirectly, by the Person, any entity that controls, directly or indirectly, the Person, or any entity directly or indirectly under common control with the Person.

"Agreement": as defined in the preamble to this Agreement.

"Alliance Entities": Alliance Holding and Buyer, excluding any mutual fund for which Alliance Holding or Buyer acts as investment advisor.

"Alliance Holding": as defined in the recitals to this Agreement.

"Anniversary Date": shall mean the date immediately following the last day of the previous Anniversary Period.

"Anniversary Period": shall mean each successive twelve-month period beginning on the Closing Date or an annual anniversary thereof.

"Annual Purchase Obligation Limit": shall mean, with respect to each Anniversary Period beginning on or after the second Anniversary Date, a number of Buyer Units equal to 20% of the aggregate number of Buyer Units, less any Restricted Units Transferred since the beginning of such Anniversary Period.

"Applicable Interest Rate": the rate per annum specified as the LIBOR (London Interbank Offered Rate) for deposits in U.S. Dollars offered for 3-month deposits as published by *The Wall Street Journal* (or, if not reported therein, any other alternative source) in effect on the first day of the applicable interest period.

"AXA Financial": as defined in the preamble to this Agreement.

"Block Transfer": as defined in the Section 2.4.3.

"BTI": as defined in the recitals to this Agreement.

"Business Day": any day on which banks are generally open for business in New York City.

"Buyer": as defined in the preamble to this Agreement.

"Buyer Partnership Agreement": as defined in Section 3.2.

"Buyer Units": Unrestricted Units and Restricted Units.

"Change in Law": as defined in Section 3.3.

"Closing Date": shall mean the date of the closing of the transactions contemplated under the Acquisition Agreement.

"Code": the United States Internal Revenue Code of 1986, as amended.

"Consent": any permit, authorization, consent or approval of, any United States court or tribunal or administrative, governmental or regulatory body, agency, commission, division, department, public body or other authority of competent jurisdiction.

"Cumulative Transfer Limit": shall mean, with respect to each Anniversary Period specified below, the aggregate maximum number of Buyer Units (and Public Units received in exchange for Buyer Units) that can be Transferred, which number shall be determined by multiplying the total number of Buyer Units by the corresponding percentage, as follows:

1st Anniversary Period—0%
2nd Anniversary Period—0%

3rd Anniversary Period—20%
4th Anniversary Period—40%
5th Anniversary Period—60%
6th Anniversary Period—80%
7th Anniversary Period and any subsequent Anniversary Period—100%.

"Deferral Period": as defined in Section 2.5.1.

"Designated Entity": as defined in Section 2.1.

"ELAS": The Equitable Life Assurance Society of the United States.

"Equity Consideration": as defined in the recitals to this Agreement.

"Exercise Date": as defined in Section 2.4.1.

"Exercise Notice": as defined in Section 2.4.1.

"Expiration Date": as defined in Section 2.3.

"HSR Act": as defined in Section 4.1.3.

"Lock-Up Expiration Date": the second anniversary of the Closing Date.

"NYSE": as defined in Section 2.2.

"Offer": as defined in Section 3.4.1.

"Parent Units": any general or limited partnership interests or units in Buyer or Alliance Holding held by AXA Financial or any Affiliate.

"Permitted Deferred Buyer Units": shall mean a number of Buyer Units equal to the number of Buyer Units specified in an Exercise Notice which complied at the time it was given with the then applicable Annual Purchase Obligation Limit and was canceled pursuant to Section 2.5.1. or rendered ineffective pursuant to Section 2.5.2.

"Permitted Transfer": any allocation of Buyer Units to the Seller's Principals' Profit-Sharing Pool (as defined in the Acquisition Agreement) or contribution of Buyer Units to any entity controlled by Seller and/or its shareholder, officers or employees.

"Person": any natural person, firm, partnership, limited liability company, association, corporation, company, trust, business trust or other entity.

"Proceedings": as defined in Section 9.11.

"Public Units": units of limited partnership interests of Alliance Holding.

"Purchase Obligation": as defined in Section 2.1.

"Purchase Price": as defined in Section 2.4.2.

"Restriction Period": as defined in Section 2.5.2.

"Restricted Unit": each of the 38.0 million units of limited partnership interests of Buyer, as adjusted pursuant to Section 2.09 of the Acquisition Agreement, received by Seller as part of the Equity Consideration, adjusted from time to time as result of Unit Adjustments.

"Sale Date": as defined in Section 3.4.1.

"Sale Price": as defined in Section 2.2.

"Sanford Bernstein": as defined in the preamble to this Agreement.

"Seller": as defined in the preamble to this Agreement.

"Seller Group": SCB LLC, a limited liability company organized pursuant to the Acquisition Agreement and any other entity formed by Seller to purchase Buyer Units pursuant to the Acquisition Agreement.

"Settlement Date": as defined in Section 2.4.2.

"Tax": any present or future tax, levy, impost, duty, charge, assessment or fee of nay nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement.

"Transfer": directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, directly or indirectly, any Buyer Unit or any securities convertible, exchangeable or exercisable for or repayable with Buyer Units, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of Buyer Units, whether any such swap or transaction is to be settled by delivery of Buyer Units or other securities, in cash or otherwise, excluding, in each case, Permitted Transfers; provided, however, that other than for purposes of Section 3.2, Transfer shall not include (i) the exchange of Buyer Units for Public Units pursuant to the Acquisition Agreement, or (ii) except for purposes of calculating the Cumulative Transfer Limit, any Transfers of Public Units received in exchange for Buyer Units.

"Unit Adjustment": shall mean a pro rata increase, decrease or exchange of each unit of limited partnership interests of Buyer in the event Buyer (A) issues or delivers any additional units as a result of the declaration or payment of a dividend or other distribution to the holders of units, (B) subdivides its outstanding units into a larger number of units, (C) combines its outstanding units into a smaller number of units, (D) becomes a party to any transaction (including without limitation a merger, consolidation, recapitalization, reclassification, sale of all or substantially all of the Buyer's assets) in which the previously outstanding units shall be changed into or exchanged for different interests of Buyer or changed into or exchanged for common stock or other securities of another corporation or interests in a noncorporate entity or other property (excluding cash).

"Units": units of general or limited partnership interests of Buyer or Alliance Holding.

"Unrestricted Exercise Period": as defined in Section 2.5.3.

"Unrestricted Unit": each of the 2.8 million units of limited partnership interests of Buyer received by Seller as part of the Equity Consideration, adjusted from time to time as result of Unit Adjustments.

"Window Restrictions": as defined in Section 2.4.3.

ARTICLE II

PURCHASE OBLIGATION

2.1 Purchase Obligation. Subject to the terms and conditions of this Agreement, at the election of Seller, AXA Financial shall purchase or shall cause an entity designated by AXA Financial in writing (a "Designated Entity") to purchase, Buyer Units in an amount not exceeding the Annual Purchase Obligation Limit, it being understood and agreed that AXA Financial shall never be required to purchase Buyer Units to the extent such Transfer to AXA Financial would exceed the Cumulative Transfer Limit (the "Purchase Obligation"). The Purchase Obligation shall apply only to Buyer Units which are owned beneficially by Seller at the time of the sale.

2.2 Sale Price. The sale price (the "Sale Price") under the Purchase Obligation shall be the average of the closing prices of a Public Unit as quoted on the New York Stock Exchange (the "NYSE") Composite Transactions Tape (or, if such quotation is not available, as quoted on the Nasdaq National Market if Public Units are then listed thereon or on the principal national securities exchange on which Public Units are then listed or admitted to trading, in each case as reported in *The Wall Street Journal* or, if not reported therein, any other alternative source) for the 10 trading days ending on the fifth trading day following the Exercise Date (as defined herein).

2.3 Term. Except as set forth in Section 9.3, the Purchase Obligation and all other rights and obligations of the parties hereunder shall expire at 5:00 p.m. New York City time on the tenth Anniversary Date (the "Expiration Date").

2.4 Exercise of Purchase Obligation.

2.4.1 Exercise Notice. During the period beginning on the first Business Day immediately following the Lock-Up Expiration Date and ending on the Expiration Date, subject to the restrictions and conditions set forth in this Agreement, Seller shall have the right to require AXA Financial to purchase Buyer Units by delivering a written notice (an "Exercise Notice") to AXA Financial and to Buyer before 5:00 p.m. (New York City time) on any Business Day (the "Exercise Date"), which notice shall specify the number of such Buyer Units to be purchased.

2.4.2 Settlement Date, Purchase Price and Interest. AXA Financial shall specify to Seller in writing the settlement date (the "Settlement Date") for its purchase of Buyer Units not later than the third Business Day preceding the Settlement Date. The Settlement Date shall be on or after the sixth Business Day following the Exercise Date, but no later than the 20th Business Day following such Exercise Date. Subject to the provisions of Article VI, on the Settlement Date, Seller shall sell, assign and deliver Buyer Units subject to the Exercise Notice to AXA Financial or the specified Designated Entity, in the manner appropriate and necessary to convey all right, title and interest to and in such Buyer Units to AXA Financial or such Designated Entity, free and clear of any and all liens, charges, claims or encumbrances, and AXA Financial shall pay or shall cause the Designated Entity to pay Seller a purchase price equal to the product of the applicable Sale Price multiplied by the number of the Buyer Units so purchased (a "Purchase Price") by wire transfer of immediately available funds to an account or accounts designated in writing by Seller to AXA Financial not less than three Business Days prior to the Settlement Date. If the Settlement Date specified by AXA Financial is later than the 10th Business Day following the Exercise Date, then the Purchase Price shall be increased by the amount of interest accrued on the Purchase Price at the Applicable Interest Rate during the period from and including the 11th Business Day following the Exercise Date to and excluding the Settlement Date.

2.4.3 Limitations on the Purchase Obligation. (A) The aggregate number of Buyer Units specified to be sold in an Exercise Notice shall not exceed the Annual Purchase Obligation Limit; (B) except as provided in Section 2.5, only one Exercise Notice may be delivered to AXA Financial in any Anniversary Period (it being understood that any Exercise Notice canceled under Section 2.5.1 or rendered ineffective under Section 2.5.2 shall not count for purposes of this clause (B)); (C) except as provided in Section 2.5, an Exercise Notice (other than the first Exercise Notice given under this Agreement) may not be delivered to AXA Financial until at least nine months after the immediately preceding Exercise Notice was delivered to AXA Financial; (D) the transfer contemplated by an Exercise Notice must qualify as a private transfer pursuant to United States Treasury Regulation Section 1.7704-1(e)(vi) (relating to block transfers), or pursuant to comparable provisions of any amendment to such regulation (a "Block Transfer"); and (E) Purchase Obligations may be exercised only at times permitted by, and otherwise in compliance with, the then applicable internal written policies of the Alliance Entities restricting the sales of Units and generally applicable to senior officers (the "Window Restrictions") as if Seller were such a senior officer. Any Exercise Notice that does not comply with any of the foregoing limitations (which failure to comply, and the reasons therefor shall be set forth in a letter from AXA Financial to Seller) shall be deemed void and ineffective at the time it was given.

2.5 Deferral Rights.

2.5.1 Deferral of Purchase Obligation. AXA Financial may, by written notice to Seller at any time prior to a Settlement Date, cancel the related Exercise Notice and defer the right of Seller to deliver additional Exercise Notices for up to 120 days if the Exercise Date occurred or the Settlement Date would occur at a time when (A) AXA Financial reasonably determines, after consultation with outside counsel, that it possesses material non-public information concerning Alliance Holding or Buyer or (B) subject to Section 2.5.3, AXA Financial or any of its Affiliates are participating in discussions with a third party which commenced prior to the Exercise Date concerning the potential sale of Parent Units; provided, however, that during any such deferral neither AXA Financial nor any Affiliate of AXA Financial may sell Units unless the reason for such deferral is as set forth in clause (B), in which case a sale may occur but only with respect to the persons participating in such discussions. Any notice given pursuant to the foregoing sentence shall specify the duration of the deferral (the "Deferral Period") and the reasons for such deferral. A copy of any such notice shall be promptly delivered to Buyer by AXA Financial. If at any time during the Deferral Period, AXA Financial reasonably determines that none of the grounds for deferral is still present, AXA Financial shall, by written notice to Seller, promptly notify Seller that the Deferral Period has terminated. If the Exercise Date of a new Exercise Notice delivered to AXA Financial within ten Business Days following the termination of a Deferral Period (or, if Window Restrictions are applicable at such time, within ten Business Days after the expiration of the Window Restrictions) occurs in the Anniversary Period subsequent to the Anniversary Period in which the Exercise Date of the initial Exercise Notice occurred, then to the extent the Buyer Units specified in the new Exercise Notice constitute

Permitted Deferred Buyer Units, they shall not be counted toward the Annual Purchase Obligation Limit and Cumulative Transfer Limit for such subsequent Anniversary Period. A copy of any such new Exercise Notice shall be promptly delivered to Buyer by AXA Financial.

2.5.2 Ineffective Exercise Notices. Any Exercise Notice delivered by Seller earlier than six months following the later of the date when AXA Financial or any of its Affiliates has completed a sale of, or entered into a binding commitment to sell, any Units, shall be void and ineffective unless (a) such Exercise Notice was given during an Unrestricted Exercise Period or (b) the purchase of Buyer Units by AXA Financial pursuant to the Exercise Notice would not give rise to any liability under Section 16(b) of the Securities Exchange Act of 1934 and the rules and regulations of the Securities and Exchange Commission promulgated thereafter (collectively, "Section 16(b)") or any comparable provisions of any amendment to Section 16(b) or any successor thereto. AXA Financial shall give Seller prompt notice of the ineffectiveness of an Exercise Notice pursuant to this Section 2.5.2, which notice shall specify the duration of the period during which Seller shall be prohibited from delivering further Exercise Notices (the "Restriction Period") and a brief description of the related sale or commitment to sell Units, provided that such period shall not exceed six months following the later of any sale of a Unit or entry into a binding commitment to sell Units, by AXA Financial or any of its Affiliates. It is understood that an Exercise Notice given following the expiration of the Restriction Period may be canceled in accordance with Clause (A) of Section 2.5.1. If the Exercise Date of a new Exercise Notice delivered to AXA Financial within ten Business Days following termination of the Restriction Period (or if Window Restrictions are applicable at such time, within ten Business Days after the expiration of the Window Restrictions) is in the Anniversary Period subsequent to the Anniversary Period during which the Exercise Date of the initial Exercise Notice occurred, then to the extent Restricted Units exercised pursuant to the new Exercise Notice constitute Permitted Deferred Buyer Units, they shall not be counted toward the Annual Purchase Obligation Limit for such subsequent Anniversary Period. The six-month periods specified in this Section 2.5.2 shall be computed by AXA Financial in its reasonable judgment and based on advice of counsel in accordance with then applicable judicial precedent and rules, regulations and interpretive guidance of the Securities and Exchange Commission.

2.5.3 In the event that an Exercise Notice given by Seller is canceled on the grounds specified in clause (B) of Section 2.5.1 or rendered ineffective by operation of Section 2.5.2, then for 90 days (the "Unrestricted Exercise Period") following the expiration of the applicable Deferral Period or Restriction Period the Purchase Obligation shall not be subject to any further deferral on the grounds specified in clause (B) of Section 2.5.1 and shall not be rendered void and ineffective pursuant to Section 2.5.2; provided, however, that in the event AXA Financial defers the Purchase Obligation during the Unrestricted Exercise Period on the grounds specified in clause (A) of Section 2.5.1, then the Unrestricted Exercise Period shall be tolled by the actual duration of such Deferral Period pursuant to clause (A) of Section 2.5.1.

ARTICLE III
TRANSFER OF UNITS

3.1 Limitations on Transfers. With respect to Buyer Units, Seller shall not engage in any Transfer (A) of any Restricted Units prior to the Lock-Up Expiration Date (it being understood that Transfers of Unrestricted Units prior to (or after) the Lock-Up Expiration Date are subject to clause (D) of this Section 3.1 and to the provisions of Section 3.2); (B) in exchange for any consideration other than cash or Public Units pursuant to the terms and conditions of this Agreement; (C) to the extent the number of Restricted Units included in such Transfer would exceed the Cumulative Transfer Limit; or (D) other than at times permitted by, and otherwise in compliance with, the Window Restrictions as if Seller were senior officer of a Alliance Entity. For the avoidance of doubt, any Buyer Units transferred in a Permitted Transfer shall remain subject to the restrictions that applied to such Units prior to the Permitted Transfer, including, but not limited to, limitations on Transfers set forth in this Section 3.1 and in Section 3.2, limitations on the Purchase Obligation specified in Section 2.4.3 and rights of first refusal provided in Section 3.4, and Sanford Bernstein shall not permit and shall cause each member of the Seller Group and any transferee in a Permitted Transfer not to permit any Transfers that would violate such restrictions and limitations or otherwise breach any terms of this Agreement.

3.2 Consents to Transfers. Promptly following Seller's written request, AXA Financial shall cause ELAS to give the consent required by Section 12.03(c) of Buyer's partnership agreement (as in effect from time to time, the "Buyer Partnership Agreement") to the Transfers by Seller of Buyer Units expressly permitted by this Agreement, including any Transfers involving the exchange of Buyer Units into Public Units pursuant to the Acquisition Agreement; provided, that AXA Financial shall not be required to cause ELAS to provide such consent unless the Transfer or Permitted Transfer, as the case may be, for which the consent is requested (A) would otherwise comply with all applicable provisions, conditions and requirements of the Buyer Partnership Agreement and Seller has provided AXA Financial and Buyer a written certification signed by two of its officers to that effect, and (B) in the sole and exclusive discretion of AXA Financial would qualify as a Block Transfer or, in case of a Permitted Transfer, Seller provides to AXA Financial an opinion of outside legal counsel reasonably satisfactory to AXA Financial and Buyer that such Permitted Transfer is not considered a "transfer" for purposes of Section 7704 of the Code. AXA Financial and Seller shall cooperate in good faith to enable Seller to comply with the provisions, conditions and requirements of the Buyer Partnership Agreement referenced in clause (A) of this Section 3.2. The consent to be provided from time to time by the Affiliates of AXA Financial pursuant to this Section 3.2 shall be substantially in the form of Annex B to this Agreement. It is understood that if Seller proposes a Transfer that does not qualify as a Block Transfer, such Transfer shall be subject to the approval of the general partner of Buyer and ELAS as provided in the Buyer Partnership Agreement.

3.3 Change in Law. In the event that as a result of (i) any amendment to, or change in, the laws (or any regulation thereunder) of the United States or (ii) any interpretation or application of, or pronouncement with respect to, such laws or regulations by any legislative body, court, governmental agency or regulatory authority, the Block Transfer safe harbor ceases to be effectively available for exchanges of Buyer Units held by Seller into Public Units (a "Change in Law"), Buyer, AXA Financial and Seller shall cooperate in good faith to make available to Seller, but without giving any preference to Seller or to any other holders of Buyer Units (other than current or former employees), any other safe harbors potentially applicable to the exchanges of Buyer Units for Public Units under applicable U.S. federal tax laws.

3.4 Right of First Refusal.

3.4.1 Procedure. If Seller receives a bona fide offer or offers from a third party or parties (other than proposed transferees in transactions that could qualify as Permitted Transfers) to purchase any Restricted Units in a transaction that would qualify as Block Transfer, then prior to selling units in such transaction to such third party or parties Seller shall deliver to Buyer and to AXA Financial a letter setting forth:

(i) the name of the third party or parties;

(ii) the prospective cash purchase price per Restricted Unit;

(iii) all material terms and conditions contained in the offer of the third party or parties;

(iv) Seller's offer (irrevocable by its terms for 5 Business Days following receipt) to sell to AXA Financial or its Designated Entity all (but not less than all) of the Units covered by the offer of the third party or parties, for a purchase price per share and on other terms and conditions not less favorable to AXA Financial than those contained in the offer of the third party or parties (an "Offer"); and

(v) closing arrangements and a closing date (not less than 5 Business Days nor more than 25 Business Days

following the date of such letter) (the "Sale Date") for any purchase and sale that may be effected by AXA Financial or its Designated Entity.

3.4.2 Effecting Sales. If, upon the expiration of 5 Business Days following receipt by AXA Financial of the letter described in Section 3.4.1, AXA Financial shall not have irrevocably accepted the Offer in writing, Seller may, at any time during a 60 Business Day period beginning upon the expiration of such 5 Business Day period, sell to such third party or parties all (but not less than all) of the Buyer Units covered by the Offer, for the purchase price and on substantially the same other terms and conditions contained in the Offer. If AXA Financial shall have confirmed its acceptance of such Offer in writing, AXA Financial and Seller shall use commercially reasonable efforts to cause promptly the closing of the purchase and sale of such Restricted Units, in the manner appropriate and necessary to convey all right, title and interest to and in such Restricted Units free and clear of any and all liens, charges and encumbrances, pursuant to such acceptance as set forth in the letter of Seller to AXA Financial pursuant to subparagraph (v) of Section 3.4.1.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of AXA Financial. AXA Financial hereby represents and warrants to Seller as follows:

4.1.1 Organization, Good Standing and Authorization. It is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware. It has all requisite power and authority to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver ("Additional Buyer Documentation") and to perform its obligations under this Agreement and has taken all necessary action to authorize such execution, delivery and performance.

4.1.2 No Violation or Conflict. The execution, delivery and performance of this Agreement and any other documentation relating to this Agreement do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any material contractual restriction binding on or affecting AXA Financial.

4.1.3 Consents. Except as may be required pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder (the "HSR Act"), all governmental and other consents that are required to have been obtained by it with respect to this Agreement and any Additional Buyer Documentation have been obtained and are in full force and effect and all conditions of any such consents have been complied with.

4.1.4 Obligations Binding. Its obligations under this Agreement and any Additional Buyer Documentation constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally, and subject, as to enforceability, to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law).

4.1.5 Absence of Litigation. There is not pending or, to its knowledge, threatened within the past 60 days against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is reasonably likely to affect the legality, validity or enforceability against it of this Agreement or any Additional Buyer Documentation or its ability to perform its obligations under this Agreement or any Additional Buyer Documentation.

4.2 Representations and Warranties of Seller. Seller hereby represents and warrants to AXA Financial as follows (which representations and warranties will be deemed to be repeated on each Exercise Date and each Settlement Date):

4.2.1 Organization, Good Standing and Authorization. It is a corporation, duly organized, validly existing and in good standing under the laws of the state of its incorporation. It has all requisite corporate power and authority to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that is required by this Agreement (the "Additional Seller Documentation" and together with the Additional Buyer Documentation, the "Additional Documentation"), to deliver and to perform its obligations under this Agreement and the Additional Seller Documentation and has taken all necessary action to authorize such execution, delivery and performance.

4.2.2 No Violation or Conflict. The execution, delivery and performance of this Agreement and any Additional Seller Documentation and any other documentation relating to this Agreement do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any material contractual restriction binding on or affecting Seller.

4.2.3 Consents. All governmental and other consents that are required to have been obtained by it with respect to this Agreement and any Additional Seller Documentation have been obtained and are in full force and effect and all conditions of any such consents have been complied with.

4.2.4 Obligations Binding. Its obligations under this Agreement and any Additional Seller Documentation constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally, and subject, as to enforceability, to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law).

4.2.5 Absence of Litigation**.** There is not pending or, to its knowledge, threatened within the past 60 days against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is reasonably likely to affect the legality, validity or enforceability against it of this Agreement or its ability to perform its obligations under this Agreement and any Additional Seller Documentation.

4.2.6 No Liens. Seller is the sole owner of the Buyer Units subject to this Agreement with full right to transfer such Buyer Units in accordance with the terms of this Agreement; and upon delivery of such Buyer Units to AXA Financial or its Designated Entity in accordance with the terms of this Agreement, AXA Financial or its Designated Entity will be the sole owner of such Buyer Units, free and clear of any lien, charge, claim or encumbrance.

ARTICLE V
AGREEMENTS

5.1 Certain Acknowledgments. Each party acknowledges its understanding that the offer and the sale of Buyer Units is intended to be exempt from registration under all securities laws applicable to such party.

5.2 Certain Agreements. Each party agrees with the other that, so long as such party has or may have any obligation under this Agreement or any Additional Documentation:

5.2.1 Maintain Authorizations. It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Additional Documentation and will use all reasonable efforts to obtain any that may become necessary in the future.

5.2.2 Comply with Laws. It will comply in all respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Additional Documentation.

5.2.3 Confidentiality. Seller shall not disclose (other than to its directors, officers, auditors or counsel) without the prior written consent of Buyer and AXA Financial any information with respect to AXA Financial or any Alliance Entity which is furnished to it pursuant to this Agreement.

5.2.4 Filings; Other Action. Buyer, AXA Financial and Seller shall, as promptly as practicable, (i) make all necessary regulatory filings and submissions and deliver notices and consents to jurisdiction to insurance departments, each as reasonably may be required to be made in connection with this Agreement and the transactions contemplated hereby, (ii) use reasonable best efforts to cooperate with each other in (A) determining which filings are required to be made prior to the Settlement Date or the Sale Date, as the case may be, and which Consents are required to be obtained prior to such Date in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and (B) timely making all such filings and timely seeking all such Consents, and (iii) use commercially reasonable efforts to take, or cause to be taken, all other action and do, or cause to be done, all other things necessary or appropriate to consummate the transactions contemplated by this Agreement as soon as practicable, including, without limitation, making any filings, if required, prior to the end of the second Anniversary Period under the HSR Act that would maximize the number of Buyer Units that can be sold hereunder without the need for any further filings under the HSR Act.

5.2.5 Public Announcements. Buyer, AXA Financial and Seller agree that they will not, and that they will case their respective Affiliates and representatives not to, issue any press release or otherwise make any public statement or respond to any press inquiry with respect to this Agreement or the transactions contemplated hereby without the prior approval of the other party (which approval shall not be unreasonably withheld), except as may be required by applicable law.

5.2.6 Seller Group. Sanford Bernstein shall cause each member of the Seller Group and any transferee in a Permitted Transfer to act only in compliance with the terms and conditions of this Agreement.

ARTICLE VI

CONDITIONS TO AXA Financial'S OBLIGATIONS

The obligation of AXA Financial to consummate any acquisition of Buyer Units pursuant to Section 2.4.2 or Section 3.4.2 shall be subject to the fulfillment on or prior to the Settlement Date or Sale Date, as the case may be, of the following additional conditions, which AXA Financial and Seller agree to use commercially reasonable efforts to cause to be fulfilled. In the event that all of the following conditions are not satisfied or waived by AXA Financial prior to or on the applicable Settlement Date or Sale Date, as the case may be, then such Settlement Date or Sale Date, as the case may be, shall be deferred until such time as the following conditions are satisfied or waived.

6.1 Representations. The representations and warranties of Seller contained in Section 4.2 shall be true and correct in all material respects on and as of the Settlement Date or the Sale Date, as the case may be, with the same effect as though made on and as of such date.

6.2 Performance of Obligations. Seller shall have in all material respects duly performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by Seller prior to or on the Settlement Date or the Sale Date, as the case may be.

6.3 Certificate. Seller shall have delivered to AXA Financial or a Designated Entity a certificate, dated the Settlement Date or the Sale Date, as the case may be, and signed by the President and a Vice President of Seller, to the effect set forth above in this Sections 6.1 and 6.2.

6.4 Delivery of Buyer Units. On the Settlement Date or the Sale Date, as the case may be, Seller shall have delivered certificates representing all of the Buyer Units being transferred to AXA Financial or a Designated Entity, as the case may be, and in a form suitable for transfer (or with standard endorsements for transfer).

6.5 Consents. All Consents required to be made or obtained by Seller or AXA Financial in connection with the execution and delivery of this Agreement and the Additional Documents or the consummation of the transactions contemplated hereby shall have been made or obtained. Complete and correct copies of all such Consents shall have been delivered to AXA Financial or the Designated Entity.

6.6 Opinion. Buyer, AXA Financial or a Designated Entity shall have received an opinion, addressed to it and dated the Settlement Date or the Sale Date, as the case may be, from outside legal counsel to Seller reasonably acceptable to AXA Financial, substantially in the form of Exhibit C to this Agreement or in such other form as shall be acceptable to AXA Financial and otherwise satisfactory in form and substance to AXA Financial or a Designated Entity. In the event of a Change in Law, the parties shall cooperate in good faith to develop an alternative form of opinion.

ARTICLE VII
TAXES

The payment of a Purchase Price by AXA Financial under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If AXA Financial is so required to deduct or withhold, then it will (i) notify Seller prior to the date of the closing of the relevant purchase, and (ii) timely pay to the relevant authorities the full amount required to be deducted or withheld. Seller agrees to deliver to AXA Financial, or to such government or taxing authority as AXA Financial reasonably directs, any form or document that may be required or reasonably requested in writing in order to allow AXA Financial to make a payment under this Agreement without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the Person in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to AXA Financial and to be executed and to be delivered with any reasonably required certification promptly following any such request.

ARTICLE VIII
NOTICES

Any notice or other communication in respect of this Agreement may be given in the manner set forth below to the address or number set forth in Annex A of this Agreement and will be deemed effective as indicated: (i) if in writing and delivered in person or by courier, on the date it is delivered; (ii) if sent by facsimile transmission, on the Business Date that receipt of the transmission is confirmed by telephone; (iii) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or (iv) if sent by electronic messaging system, on the date that electronic message is received. Either party may by notice to the other change the address or facsimile number or electronic messaging system at which notices or other communications are to be given to it, in which case Annex A shall be automatically amended. The failure to give Buyer any notice contemplated to be given hereunder shall not affect the effectiveness of such notice or give rise to any claim by Buyer against another party hereto.

ARTICLE IX
MISCELLANEOUS

9.1 Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto, including, without limitation, the Project Honeybee term sheet, dated June 1, 2000.

9.2 Amendments. No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including as evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

9.3 Survival of Obligations. In the event one or more Purchase Obligations are exercised in accordance with Article II, the obligations of the parties in connection with such Purchase Obligations so exercised shall survive the termination of this Agreement.

9.4 Remedies Cumulative. The rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

9.5 No Waiver of Rights**.** No failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

9.6 Severability. In the event that any section, clause or paragraph hereof is deemed unlawful or unenforceable, such clause or paragraph shall be stricken from this Agreement, and the remainder shall remain in full force and effect.

9.7 Assignment. Neither AXA Financial or Seller may assign its rights and obligations under this Agreement save with the prior written consent of the other party and any purported assignment shall be void and of no effect.

9.8 Headings. The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

9.9 Waiver of Immunities. Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all claims of immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

9.10 Governing Law. This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without reference to choice of law doctrine).

9.11 Submission to Jurisdiction. With respect to any suit, action or proceedings relating to this Agreement or any Transaction hereunder ("Proceedings"), each party irrevocably submits to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City; and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

9.12 Waiver of Jury Trial. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this confirmation or any credit support document or any transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not seek to enforce the foregoing waiver in the event of any such suit, action or proceeding and (ii) acknowledges that it and the other party have entered into the confirmation and the security agreement, as applicable, in reliance on, among other things, the mutual waivers and certifications in this subsection.

9.13 Relationship to Buyer Units. This Agreement has been entered into at the same time as, and in connection with, the Acquisition Agreement, and the rights and obligations created hereby are intended to relate to the Buyer Units and are not transferable other than in connection with a transfer of such Buyer Units and with the consent of the other party as required under Section 9.7.

9.14 Following Business Day Convention. In the event the Expiration Date, the Exercise Date, the Sale Date or the Settlement Date, as applicable, falls on a day other than a Business Date, then the Expiration Date, the Exercise Date, the Sale Date or the Settlement Date, as applicable, shall be the first following date that is a Business Day.

9.15 Counterparts. This Agreement may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

9.16 Termination. In the event the Acquisition Agreement is terminated prior to the Closing Date pursuant to the terms thereof, the rights and obligations of the parties hereunder shall automatically terminate at such time.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

AXA FINANCIAL, INC.

By: /s/ Stanley B. Tulin
Name: Stanley B. Tulin
Title: Vice Chairman and
Chief Financial Officer

ALLIANCE CAPITAL MANAGEMENT L. P.

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

SANFORD C. BERNSTEIN INC.

By: /s/ Lewis A. Sanders
Name: Lewis A. Sanders
Title: Chairman and Chief Executive
Officer

Annex A

Notices

SELLER
[address]
[telephone]
[fax]
[e-mail]
[contact person]

AXA FINANCIAL
[address]
[telephone]
[fax]
[e-mail]
[contact person]

BUYER
[address]
[telephone]
[fax]
[e-mail]
[contact person]

Annex B

[Form of Consent Letter pursuant to Section 3.2]

[Date]

Alliance Capital Management Corporation
1245 Avenue of the Americas
New York, NY 10105

RE: Proposed Transfer of Limited Partnership Units by Sanford Bernstein

Ladies and Gentlemen:

We refer to the Amended and Restated Limited Partnership Agreement (the "Agreement") of Alliance Capital Management L. P. (the "Partnership"), dated as of October 29, 1999. Capitalized terms used but not defined herein have the respective meanings given in the Agreement.

Sanford C. Bernstein Inc. proposes to exchange _____ units of the Partnership [Description of Transfer] (the "Proposed Transfer"). The law firm of [ ] has provided an opinion of counsel that such exchange is a private transfer pursuant to Treasury Regulation Section 1.7704–1(e)(1)(vi) (relating to block transfers), or pursuant to comparable provisions of any amendment to such Regulation.

Section 12.03(c) of the Agreement provides that no transfer of limited partnership interests in the Partnership will be considered approved by the General Partner or recognized by the Partnership unless such transfer is also approved by The Equitable Life Assurance Society of the United States ("ELAS"), which approval may be withheld in the sole discretion of ELAS. Based on the above representation and such other matters as we consider relevant, ELAS hereby approves the Proposed Transfer.

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

By: _____

Annex B

Annex C

[Form of Opinion of Seller's counsel pursuant to Section 6.6.]

[ ], 2000

Alliance Capital Management L. P.
[address]

AXA Financial, Inc.
1290 Avenue of the Americas
New York, New York 10104

Dear Ladies and Gentlemen:

You have requested that we issue our opinion as to whether the proposed transfer described below would qualify as a private transfer pursuant to Treasury Regulation Section 1.7704–1(e)(1)(vi) (relating to block transfers), and would not result in Alliance Capital Management L.P. (the "Partnership") being classified as a publicly traded partnership with the meaning of section 7704 of the Internal Revenue Code of 1986, as amended (the "Code").[1] The opinion set forth below is intended to meet the requirements of section 6.6 of the Purchase Agreement dated as of June [ ], 2000 (the "Purchase Agreement"). Capitalized terms used herein and not defined have the meaning assigned to such terms in the Purchase Agreement.

---

1. All section references herein are to the Code or to the Treasury Regulations promulgated thereunder unless otherwise noted.

Our opinion is based upon the facts and assumptions set forth below and on the provisions of the Code, Treasury Regulations promulgated thereunder, and interpretations of the foregoing as expressed in court decisions, administrative determinations, and the legislative history as of the date of this opinion. These provisions and interpretations are subject to change, which may or may not be retroactive in effect, that might result in modifications of our opinion.

For the purpose of our opinion, we have not made an independent investigation of the facts set forth below. We consequently have assumed that the information presented or otherwise furnished to us accurately and completely describes all material facts relevant to our opinion. No facts have come to our attention, however, that would cause us to question the accuracy and completeness of such facts in a material way.

[Description of Transfer and the number of units outstanding held by the General Partner and its affiliates and otherwise outstanding.]

Section 6.6 of the Purchase Agreement provides that AXA Financial or a Designated Entity shall have received an opinion, addressed to it and dated the Settlement Date or Sale Date, as the case may be, from outside legal counsel to Honeybee reasonable acceptable to AXA Financial, satisfactory in form and substance to AXA Financial or a Designated Entity.

Based upon, and subject to, the foregoing and the discussion below, we are of the opinion that the exchange described above will qualify as a block transfer pursuant to Treasury Regulation Section 1.7704–1(e)(1)(vi), or pursuant to comparable provisions of any amendment to such Regulation and will not result in the Partnership being classified as a publicly traded partnership within the meaning of section 7704.

Section 7704 of the Internal Revenue Code of 1986, as amended (the "Code") states the rules for the classification of certain publicly traded partnerships ("PTPs") as corporations. For these purposes, a partnership is a PTP if interests in the partnership are traded on an "established securities market" or are "readily tradable on a secondary market or the substantial equivalent thereof."

Treas. Reg. §1.7704–1(e) provides that certain transfers of partnership interests are not considered trading for purposes of section 7704. Under Treas. Reg. §1.7704–1(e)(6), these include "block transfers" as defined in Treas. Reg. §1.7704–1(e)(2). Under that regulation "block transfers" include a transfer of partnership interests representing in the aggregate more than 2 percent of the total interests in partnership capital or profits in one or more transactions during a 30 day period by a partner and certain related parties (within the meaning of Sections 267(b) or 707(b)(1) of the Code).

Treas. Reg. §1.7704–1(k) provides that the total interests in partnership capital or profits generally are determined by reference to all outstanding interests in the partnership. For purposes of measuring "2 percent", interests held by the general partner and its affiliates are disregarded if they own more than 10 percent of partnership capital or profits at any one time during the tax year of the partnership.

Under the regulations, for purposes of determining whether a transfer satisfies the "2% within 30 days" threshold, the partnership must determine the percentage interests in partnership capital or profits for each transfer of an interest during the 30 calendar day period by reference to the partnership interests outstanding immediately prior to such transfer.

In the instant case, [Describe Amount of Interests Proposed to be Transferred]. The transfer of such interests will constitute a transfer of more than 2 percent of the total Partnership interests in capital or profits within 30 days, measured against Partnership interests if the interests held by AXA Financial and its

affiliates are disregarded. Accordingly, it is our opinion that the transfer by Honeybee of its Partnership interests will constitute a block transfer within the meaning of Treas. Reg. §1.7704–1(e)(2) and that such transfer will not cause the Partnership to be classified as a publicly traded partnership with the meaning of section 7704(a).

Please note that we express no opinion, nor is any opinion implied, regarding any other tax issue or any other aspect of the relationship between and among the parties. This opinion speaks only as of its date and may be relied upon by only you in connection with the transaction described in this opinion and may not be used or relied upon by any other person for any purpose whatsoever, without our prior written consent in each instance.

Sincerely,

Name of Law Firm

By_____

PURCHASE AGREEMENT

dated as of

June 20, 2000

by and among

ALLIANCE CAPITAL MANAGEMENT L. P.

AXA FINANCIAL, INC.

and

SANFORD C. BERNSTEIN INC.

relating to the purchase and sale

of

Limited Partnership Interests

of

ALLIANCE CAPITAL MANAGEMENT .L. P

FINANCING AGREEMENT

AGREEMENT dated as of June 20, 2000, (the "**Agreement**") between AXA Financial, Inc., a Delaware corporation ("**AXA Financial**"), and Alliance Capital Management L.P., a Delaware limited partnership ("**Buyer**").

W I T N E S S E T H :

WHEREAS, Buyer desires to issue to AXA Financial, and AXA Financial desires to purchase from Buyer, limited partnership interests of Buyer, each limited partnership interest representing one unit interest in Buyer (collectively, the "**Buyer Units**"), upon the terms hereinafter set forth below;

WHEREAS, concurrently with the execution and delivery of this Agreement, Alliance Capital Management Holding L.P., a Delaware limited partnership ("**Alliance Holding**"), Buyer, Sanford C. Bernstein Inc, a Delaware corporation (the "**Seller**") and Bernstein Technologies Inc., a California corporation ("**BTI**"), are entering into an Acquisition Agreement, dated the date hereof (the "Acquisition Agreement"), pursuant to which the parties thereto desire to effect the transactions described therein (the "**Acquisition**");

WHEREAS, Buyer desires to use the proceeds received from the sale of Buyer Units hereunder, among other things, to finance the cash portion of the Acquisition;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1
ISSUE AND PURCHASE

SECTION 1.01. *Issue and Purchase*. Pursuant to the terms of this Agreement, Buyer shall issue to AXA Financial, and AXA Financial shall purchase from Buyer, subject to the receipt by Buyer of the Assignment Determination required by Buyer's constituent documents (the "**Assignment Determination**"), that number (rounded down to the nearest whole number) of Buyer Units (the "**Purchased Units**") equal to $1.6 billion (the "**Purchase Price**") divided by the Per Unit Purchase Price. The purchase price per Buyer Unit (the "**Per Unit Purchase Price**") shall be determined in accordance with Section 4.02(e) of Buyer 's Amended and Restated Agreement of Limited Partnership dated October 29, 1999. The Purchase Price for the Purchased Units hereunder shall be paid on June 21, 2000 (the "**Transfer Date**"). On the Transfer Date:

(a) AXA Financial shall deliver to Buyer (or as Buyer may direct) the Purchase Price in immediately available funds by wire transfer to an account of Buyer (or such other person as Buyer may direct) with a bank in New York City designated by Buyer, by notice to AXA Financial.

(b) Buyer shall deliver to AXA Financial certificates for the Purchased Units registered in AXA Financial's name.

SECTION 1.02. *Rights and Preferences of Buyer Units.* The Purchased Units issued by Buyer and purchased by AXA Financial hereunder shall have the same designation, preferences and relative participating, optional or other special rights, powers and duties as do existing limited partnership interests of Buyer. AXA Financial acknowledges that any distributions on the Purchased Units with respect to the quarter ending on June 30, 2000 will be pro rata based on the portion of such quarter that the Purchased Units are outstanding.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to AXA Financial as of the date hereof and as of the Transfer Date that:

SECTION 2.01. *Partnership Existence and Power*. Buyer is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware.

SECTION 2.02. *Partnership Authorization.* The execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby are within Buyer's partnership powers and have been duly authorized by all necessary action on the part of Buyer. Buyer has received all legal opinions, other than the Assignment Determination, required by its constituent documents in respect of the transactions contemplated hereby. This Agreement constitutes a valid and binding agreement of Buyer.

SECTION 2.03. *Governmental Authorization.* The execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby require no action by or in respect of, or filing with, any governmental body, agency or official other than as have been obtained or made or as will be timely made.

SECTION 2.04. *Noncontravention*. The execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby do not and will not, upon receipt of the Assignment Determination, (i) violate the constituent documents of Buyer, (ii) violate any applicable law, rule, regulation, judgment, injunction, order or decree, or (iii) require any consent or other action by any person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Buyer or to a loss of any benefit to which Buyer is entitled under, any provision of any agreement or other instrument binding upon Buyer.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF AXA FINANCIAL

AXA Financial represents and warrants to Buyer as of the date hereof and as of the Transfer Date that:

SECTION 3.01. *Corporate Existence and Power*. AXA Financial is a Delaware corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

SECTION 3.02. *Corporate Authorization*. The execution, delivery and performance by AXA Financial of this Agreement and the consummation of the transactions contemplated hereby are within the corporate powers of AXA Financial and have been duly authorized by all necessary corporate action on the part of AXA Financial. This Agreement constitutes a valid and binding agreement of AXA Financial.

SECTION 3.03. *Governmental Authorization.* The execution, delivery and performance by AXA Financial of this Agreement and the consummation of the transactions contemplated hereby require no material action by or in respect of, or material filing with, any governmental body, agency or official other than as have been obtained or made or as will be timely made.

SECTION 3.04. *Noncontravention.* The execution, delivery and performance by AXA Financial of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate the constituent documents of AXA Financial or any of its subsidiaries, (ii) violate any applicable law, rule, regulation, judgment, injunction, order or decree, or (iii) require any consent or other action by any person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of AXA Financial or any of its subsidiaries or to a loss of any benefit to which AXA Financial or any of its subsidiaries is entitled under, any provision of any agreement or other instrument binding upon AXA Financial or any of its subsidiaries.

ARTICLE 4
MISCELLANEOUS

SECTION 4.01. *Notices*. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission) and shall be given: (a) if to AXA Financial, to AXA Financial, Inc., 1290 Avenue of the Americas, New York, New York 10104, Attention: General Counsel, Fax: (212) 707-1935, with a copy to Debevoise & Plimpton, New York, New York 10022, Attention: Michael W. Blair, Fax: 212-909-6836; and (b) if to Buyer, to Alliance Capital Management L.P., 1345 Avenue of the Americas, New York, New York 10105, Attention: General Counsel, Fax: (212) 969-1334, with a copy to Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York, 10017, Attention: Phillip R. Mills, Fax: (212) 450-4800. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

SECTION 4.02. *Amendments and Waivers*. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 4.03. *Expenses*. Except as provided in the following sentence, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense. If Buyer receives any payment from Seller pursuant to Section 13.03 of the Acquisition Agreement or any other payment, reimbursement or settlement in connection with the termination of the Acquisition, Buyer shall reimburse AXA Financial on demand (by wire transfer of immediately available funds) for all reasonable out-of-pocket fees and expenses (including investment banking and legal fees and expenses) incurred in connection with this Agreement, the Acquisition Agreement and the transactions contemplated hereby and thereby; provided, however, that the aggregate amount payable by Buyer pursuant to this Section 4.03 shall not exceed $2.0 million.

SECTION 4.04. *Successors and Assigns*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 4.05. *Governing Law.* This Agreement shall be governed by and construed in accordance with the law of the State of New York, without regard to the conflicts of law rules of such state.

SECTION 4.06. *Jurisdiction*. Except as otherwise expressly provided in this Agreement, the parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may be brought in the United States District Court for the Southern District of New York or any New York State court sitting in New York City, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of New York, and each of the parties hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 4.01 shall be deemed effective service of process on such party.

SECTION 4.07. *WAIVER OF JURY TRIAL*. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 4.08. *Entire Agreement*. This Agreement supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

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

AXA FINANCIAL, INC.

By: /s/ Stanley B. Tulin

Name: Stanley B. Tulin
Title: Vice Chairman and Chief Executive Officer

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation,
its General Partner

By: /s/ Bruce W. Calvert

Name: Bruce W. Calvert
Title: Vice Chairman and Chief Executive Officer

FINANCING AGREEMENT

dated as of

June 20, 2000

between

AXA FINANCIAL, INC. and

ALLIANCE CAPITAL MANAGEMENT L.P.

relating to the purchase and sale

of

Limited Partnership Interests

of

Alliance Capital Management L.P.

TABLE OF CONTENTS

AXA FINANCIAL, INC.
1290 Avenue of Americas
New York, New York 10104

June 20, 2000

Sanford C. Bernstein
767 Fifth Avenue
NewYork, NY 10153

Re: Agreement to elect Lew Sanders and
Roger Hertog to ACMC's Board of Directors

AXA Financial Inc. ("AXA Financial") hereby agrees that:

1. upon the closing (the "Closing") of the transactions contemplated by the Acquisition Agreement, dated as of June 20, 2000 (the "Acquisition Agreement"), between Alliance Capital Management L.P., a Delaware limited partnership ("Alliance Capital"), Sanford C. Bernstein Inc., a Delaware corporation ("Sanford Bernstein"), Alliance Capital Management Holding L.P., a Delaware limited partnership and Bernstein Technologies Inc., a California corporation, AXA Financial shall cause Lew Sanders and Roger Hertog to be elected to the Board of Directors of Alliance Capital Management Corporation, a Delaware corporation ("ACMC") for a term or for successive terms ending no earlier than the third anniversary of the Closing; provided, however, that Mr. Sanders and/or Mr. Hertog may each be removed from the Board of Directors of ACMC, prior to the third anniversary of the Closing, in accordance with Alliance Capital's certificate of incorporation and by-laws but, in either case, only in the event his employment by Alliance Capital terminates in accordance with the terms of their respective employment agreements; and

2. in the event that prior to the third anniversary of the Closing, either of Messrs. Sanders or Hertog ceases to serve as a member of the Board of Directors of ACMC for any reason, then AXA Financial will cause a replacement to be elected, who shall serve for a term or for successive terms ending no earlier than the third anniversary of the Closing Date; provided, however, that any such replacement may be removed from the Board of Directors of ACMC and replaced in accordance with this paragraph 2, prior to the third anniversary of the Closing, for the reasons set forth in the proviso to paragraph 1 above; and provided further, that any such replacement shall be selected by AXA Financial from the list of names attached hereto as Annex A, as such list may be amended from time to time with the prior written consent of AXA Financial and the Sanford Bernstein Committee (as such term is defined in the Acquisition Agreement).

AXA Financial's obligations hereunder shall terminate and be of no further effect upon the termination of the Acquisition Agreement prior to the Closing.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to AXA Financial a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between AXA Financial and Sanford Bernstein in accordance with its terms.

Very truly yours,

AXA FINANCIAL, INC.

By: /s/ Stanley B. Tulin

Name:Stanley B. Tulin
Title: Vice Chairman and
Chief Financial Officer

Confirmed and accepted as of the date first above written:

SANFORD C. BERNSTEIN INC.

By: /s/ Lewis A. Sanders

Name:Lewis A. Sanders
Title: Chairman and
Chief Executive Officer

ANNEX A

Andrew S. Adelson

Kevin R. Brine

Charles C. Cahn, Jr.

Marilyn G. Fedat

Michael L. Goldstein

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT dated as of June 20, 2000 by and between ALLIANCE CAPITAL MANAGEMENT L.P., a Delaware limited partnership (the "**Partnership**"), and LEWIS A. SANDERS (the "**Employee**").

WHEREAS, Sanford C. Bernstein Inc. ("**Bernstein**") and the Partnership have entered into that certain Acquisition Agreement as of the date hereof (the "**Acquisition Agreement**");

WHEREAS, the Partnership wishes to assure itself of the services of the Employee for the period provided in this Agreement upon the Closing Date, as defined in the Acquisition Agreement (the "**Closing Date**"); and

WHEREAS, the Employee is willing to serve in the employ of the Partnership for such period upon the terms and conditions hereinafter provided;

NOW THEREFORE, in consideration of the mutual promises and agreements set forth below, the Partnership and the Employee agree as follows:

1. *Effectiveness and Employment*. This Agreement shall be effective as of the Closing Date and the Partnership shall employ the Employee, and the Employee shall be employed by the Partnership, subject to the terms and conditions of this Agreement.

2. *Term*. The employment of the Employee hereunder shall, except as otherwise provided in Section 5 hereof, continue through the third anniversary of the Closing Date, as defined in the Acquisition Agreement (the "**Employment Term**").

3. *Duties*.

(a) The Employee shall devote substantially all of his business time, effort and energies to the business of the Partnership; *provided*, however, that it shall not be a violation of this Agreement for the Employee to (i) serve, with prior approval of the Board (as defined below), on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach on a limited basis at educational institutions and (iii) manage the Employee's personal investments, so long as such activities described in clauses (i), (ii) and (iii) do not significantly interfere with the performance of the Employee's responsibilities as an employee of the Partnership in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities, including serving as an officer or director of Bernstein, have been conducted by the Employee (and disclosed to the Partnership) prior to the Closing Date, the continued conduct of such activities subsequent to the Closing Date shall not thereafter be deemed to interfere with the performance of the Employee's responsibilities to the Partnership.

(b) The Employee shall be employed by the Partnership as Chief Investment Officer, with the appropriate authority, duties and responsibilities attendant to such position. During the Employment Term, the Employee shall report to the Chief Executive Officer of the Partnership. The Partnership shall use its best efforts to cause the Employee to be nominated for election to the Board of Directors (the "**Board**") of Alliance Capital Management Corporation ("**ACMC**"), the general partner of the Partnership, during the Employment Term, and to cause the Employee to be appointed to the position of Vice Chairman of the Board for the period of his service on the Board during the Employment Term. Pursuant to Section 6.03 of the Acquisition Agreement, the Employee shall also be appointed to the Executive Committee and the Bernstein Committee (each, as defined in the Acquisition Agreement).

4. *Compensation and Benefits*.

(a) *Base Salary*. During the Employment Term, the Partnership shall pay the Employee a base salary at the annual rate of not less than $1,000,000 per year (the "**Base Salary**"), payable in substantially equal biweekly installments or otherwise in accordance with the Partnership's payroll practices as in effect from time to time. The Employee shall be entitled to such increases in his Base Salary as may be determined from time to time by the SCB Committee, as defined in the Acquisition Agreement (the "**Bernstein Committee**"), subject to the aggregate limitation set forth in Section 9.05(a) of the Acquisition Agreement. Base Salary shall not be reduced after any such increase and the term Base Salary as utilized in this Agreement shall refer to Base Salary as so increased.

(b) *Deferred Compensation*. In addition to his Base Salary, during the Employment Term, the Employee shall participate in the Deferred Compensation Plan specified in Section 9.03 of the Acquisition Agreement (the "**Deferred Compensation Plan**") and shall receive a minimum annual Award (as defined in the Plan) of $5,333,000 (the "**Minimum Award**").

(c) *Expense Reimbursement*. The Partnership shall promptly reimburse the Employee for the ordinary and necessary business expenses incurred by him in the performance of his duties hereunder in accordance with the Partnership's usual policy.

(d) *Other Benefit Plans*. The Employee shall be eligible to participate in employee benefit plans maintained by the Partnership during the Employment Term in accordance with the terms set forth under Section 9.04 of the Acquisition Agreement.

5. *Termination of Employment*.

(a) *Compensation and Benefits*. Except as explicitly provided below in this Section 5, upon termination of the Employee's employment hereunder during the Employment Term, his right to Base Salary and future awards under the Deferred Compensation Plan (and Employee's right to unvested awards under the Deferred Compensation Plan) shall terminate, except that the Employee shall be entitled to receive the pro rata portion of his Base Salary for services rendered to the date of termination. The benefits to which the Employee may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(d) hereof shall be determined upon such termination in accordance with the terms of such plans, policies and arrangements.

(b) *Death and Disability*. The Employee's employment hereunder shall terminate upon his death during the Employment Term, and may be terminated by the Partnership by written notice to the Employee upon the determination by the Board in good faith that he is physically or mentally incapacitated during the Employment Term 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 ("**disability**"). In order to assist the Board in making such a determination, the Employee shall, as reasonably requested by the Board, (i) make himself available for medical examinations by one or more physicians chosen by the Board and approved by the Employee, whose approval shall not unreasonably be withheld, and (ii) grant the Board 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. In the event of a termination of employment under this Section 5(b), the Employee shall immediately vest on the date of any such termination in the full amount of all awards previously granted and outstanding under the Deferred Compensation Plan, and such benefits shall be payable in accordance with the terms of such plan.

(c) *Termination by the Partnership for Cause*. During the Employment Term, the Employee's employment hereunder may be terminated by the Partnership for Cause. For purposes of this Agreement, the term "**Cause**" shall mean (i) the Employee's continuing willful failure to perform his duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness), following at least 30 days' written notice to the Employee of such failure and an opportunity to cure, (ii) gross negligence or malfeasance in the performance of the Employee's duties hereunder, (iii) the Employee's engaging in any conduct which (A) constitutes an employment disqualification under applicable law (including the Securities Exchange Act of 1934) or a felony under the laws of the United States or any state thereof which is materially and demonstrably injurious to the business or the reputation of the

Partnership, or (B) a violation of federal or state securities law by reason of which finding of violation described in this clause (B) 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, reputation, character or standing, (iv) in the absence of a finding by a court or other governmental body with proper jurisdiction that a felony or employment disqualification described in (iii)(A) or a violation described in (iii)(B) has occurred, a determination in good faith by the Board that an act or acts by the Employee constitutes a felony or employment disqualification or violation, or (v) breach of the provisions of Section 6(a), Section 6(b) or Section 6(c) hereof. The benefits to which the Employee may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(d) hereof shall be determined upon such termination in accordance with the terms of such plans, policies and arrangements.

For purposes of this Section 5(c), no act or failure to act, on the part of the Employee, shall be considered "willful" unless it is done, or omitted to be done, by the Employee in bad faith or without reasonable belief that the Employee's action or omission was in the best interests of the Partnership. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or based upon the advice of counsel for the Partnership shall be conclusively presumed to be done, or omitted to be done, by the Employee in good faith and in the best interests of the Partnership. The cessation of employment of the Employee shall not be deemed to be for Cause unless and until there shall have been delivered to the Employee a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board (excluding the Employee, if applicable) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Employee and the Employee is given an opportunity, together with counsel, to be heard before the Board) specifying the particulars of the conduct described above.

(d) *Termination by the Partnership without Cause*. The Employee's employment hereunder may be terminated by the Partnership (i) other than for Cause or (ii) as provided in Section 5(b) hereof, but in the event that the Employee's employment is terminated in accordance with the foregoing clause (i) of this Section 5(d) during the Employment Term, and notwithstanding any other provision of this Agreement to the contrary, the Employee shall nevertheless receive (A) the Base Salary which would otherwise have been payable to him pursuant to Section 4(a) for the Employment Term, payable in accordance with ordinary payroll practices, to the extent not previously paid, (B) a cash payment equal to the Minimum Award for each annual period of the Employment Term, to the extent such Minimum Award has not previously been made for such annual period, payable as of the first date that awards are made under the Deferred Compensation Plan for each such annual period, (C) full vesting and distribution of all Awards, if any, previously made to the Employee under the Deferred Compensation Plan, and (D) any benefits to which the Employee may be entitled in accordance with the terms of the plans, policies and arrangements referred to in Section 4(d) hereof upon or by reason of such termination (but otherwise benefits and other entitlements under such plans, policies and arrangements shall cease upon such termination). To the extent that Employee is eligible to receive severance benefits under any other severance plan, policy or arrangement, such severance benefits shall be reduced by the sum of the amount paid to the Employee under clauses (A) and (B) above.

(e) *Termination by the Employee*. In addition to such other rights as the Employee may have in connection with a breach of this Agreement by the Partnership, the Employee may, during the Employment Term, terminate his employment hereunder for Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean in the absence of a written consent of the Employee:

(A) the assignment to the Employee of any duties inconsistent with the Employee's title and position (including status, offices and reporting requirements), authority, duties or responsibilities as contemplated by Section 3 of this Agreement, or any other action by the Partnership which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated and insubstantial action not taken in bad faith and which is remedied by the Partnership within 45 days after receipt of notice thereof given by the Employee;

(B) any failure by the Partnership to comply with any of the provisions of Section 4 of this Agreement, other than an isolated and insubstantial failure not occurring in bad faith and which is remedied by the Partnership within 45 days after receipt of notice thereof given by the Employee; or

(C) (i) any failure of the Employee to be elected to the Board, or (ii) removal of the Employee from the Board by the Partnership without Cause.

Upon a termination by the Employee for Good Reason during the Employment Term, the Employee shall receive the payments and benefits he would have received on a termination by the Partnership without Cause as set forth in Section 5(d).

(f) *Certain Payments*. The Partnership shall pay to the Employee an amount which, on an after-tax basis (including federal income and excise taxes, and state and local income taxes) equals the excise tax, if any, imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "**Code**"), upon the Employee by reason of "payments" (as defined in Section 280G of the Code) to the Employee by the Partnership or its affiliates during the Employment Term (other than any such payments arising by reason of the transactions described in the Acquisition Agreement). For purposes of this Section 5(f), the Employee shall be deemed to pay federal, state and local income taxes at the highest marginal rate of taxation for the calendar year in which the gross-up payment is to be made, taking into account the maximum reduction in federal income taxes which could be obtained from deduction of state and local income taxes. Notwithstanding any other provision of this Agreement to the contrary, the provisions of this Section 5(f) shall survive beyond the end of the Employment Term.

6. *Covenants*.

(a) *Confidentiality*. The Employee acknowledges that he has acquired and will acquire confidential information respecting the business of the Partnership. Accordingly, the Employee agrees that he will not willfully disclose, at any time (during the Employment Term or thereafter), any such confidential information to any unauthorized third party without the written consent of the Partnership as authorized by the Board, except as required to respond to a subpoena or other legal proceeding and except to consult with legal or other advisors, provided that such advisors agree to be bound by the provisions of this Section 6(a); provided, that in the event the Employee is requested pursuant a subpoena or other legal proceeding to disclose any such confidential information, the Employee shall promptly notify the Partnership of such request and shall fully cooperate with the Partnership in any attempt to contest such request. For this purpose, information shall be considered confidential only if such information is proprietary to the Partnership and has not been made publicly available prior to its disclosure by the Employee.

(b) *Non-Competition*. Through the third anniversary of the Closing Date or, in the event of a termination of employment by the Partnership without Cause or by the Employee for Good Reason, through the date of such termination, the Employee shall not, without the consent of the Board, directly or indirectly, knowingly engage or be interested in (whether as an owner, partner, shareholder, employee, director, officer, agent, consultant or otherwise), with or without compensation, any business that is in direct or indirect competition with any active or planned business conducted by the Partnership, any successor to the Partnership's business, or any of their affiliates or subsidiaries and in which the Employee participated while he was employed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries prior to the date hereof or during the Employment Term. Nothing in this Section 6(b) shall prohibit the Employee from acquiring or holding, directly or indirectly, any units in the Partnership or not more than five percent of any class of publicly traded securities of any business.

(c) *Non-Solicitation of Employees*. Through the third anniversary of the Closing Date or, in the event of a termination of employment by the Partnership without Cause or by the Employee for Good Reason, through the date of such termination, the Employee shall not directly or indirectly (i) solicit or induce, or cause others to solicit or induce any employees of the Partnership, Alliance Capital Management Holding L.P., or any of their subsidiaries

("**Partnership Employees**") to leave or in any way modify their relationship with the Partnership (except as such actions relate to carrying out the Employee's duties as contemplated under Section 3 hereof), (ii) hire or cause others to hire any of the Partnership Employees or (iii) encourage or assist in the hiring process of any Partnership Employee or in the modification of any such employee's relationship with the Partnership, or cause others to participate, encourage or assist in the hiring process of any Partnership Employee.

(d) *Non-Solicitation of Clients*. Notwithstanding anything to the contrary in Section 6(b) hereof, Section 6(b) shall not be applicable with respect to the Employee if his employment hereunder is terminated by the Partnership other than for Cause or by the Employee for Good Reason, provided that, through the earlier of the third anniversary of the Closing Date and the end of the one year period beginning on the date as of which his employment was so terminated, the Employee shall not, without the consent of the Board, directly or indirectly, in any capacity, with or without compensation, knowingly solicit, represent, or accept business on behalf of himself or any other person or entity from, (i) any clients or accounts as to whom the Employee had any direct involvement in the performance of any investment management or investment advisory services while he was employed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries (during the Employment Term or prior thereto), or (ii) any prospective clients or accounts as to whom the Employee, while so employed, directly participated in the solicitation, or was specifically identified to such prospective clients or accounts as a person who might have direct involvement in the performance, of investment management or investment advisory services proposed to be performed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries. For purposes of this Section 6(d), "**prospective clients or accounts**" shall be deemed to mean clients or accounts specifically identified in the Partnership's records as such and which have been contacted with a view to becoming clients or accounts of the Partnership either in person or by individualized mail.

(e) *Remedy for Breach and Modification*. The Employee acknowledges that the provisions of this Section 6 are reasonable and necessary for the protection of the Partnership and that the Partnership will be irrevocably damaged if such covenants are not specifically enforced. Accordingly, the Employee agrees that, in addition to any other relief or remedies available to the Partnership, the Partnership shall be entitled to seek and obtain an appropriate injunction or other equitable remedy from a court with proper jurisdiction for the purposes of restraining the Employee from any actual or threatened breach of such covenants, and no bond or security will be required in connection therewith. If any provision of this Section 6 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable.

7. *Indemnification*. For the period beginning with the date that the Employee becomes employed by the Partnership, he is hereby designated an "**Indemnified Person**" within the meaning of Section 6.09 of the Agreement of Limited Partnership of the Partnership as in effect on such date, and such designation shall remain in effect through the latest of the end of the Employment Term, termination of the Employee's employment for any reason, or the running of the relevant statute of limitations; *provided*, that nothing herein shall require indemnification for any conduct occurring after termination of the Employee's employment.

8. *Miscellaneous*.

(a) *Effectiveness*. In the event that the transactions contemplated by the Acquisition Agreement are not consummated, this Agreement shall have no further force and effect.

(b) *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed in that State.

(c) *Notice*. Any notice, consent, request or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by registered or certified mail, return receipt requested, to those listed below at their following respective addresses or at such other address as each may specify by notice to the others:

To the Employee:
At the address for the Employee set forth below

To the Partnership:
Alliance Capital Management Corporation
1345 Avenue of the Americas
New York, New York 10105
Attention: David Brewer
Senior Vice President and Secretary

(d) *Entire Agreement; Amendment*. Except with respect to deferred compensation arrangements between the Employee and the Partnership or any of its affiliates or subsidiaries and except as otherwise provided in employee benefit plans and arrangements maintained by the Partnership or any of its affiliates or subsidiaries in which the Employee participates, this Agreement shall supersede any and all existing agreements (other than the Acquisition Agreement) between the Employee and the Partnership or any of its affiliates or subsidiaries relating to the terms of the Employee's employment during the Employment Term. It may not be amended except by a written agreement signed by both parties.

(e) *Waiver*. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(f) *Assignment*. Except as otherwise provided in this paragraph, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by the Employee, and shall be assignable by the Partnership only to any corporation or other entity resulting from the reorganization, merger or consolidation of the Partnership with any other corporation or entity or any corporation or entity to or with which the Partnership's business or substantially all of its business or assets may be sold, exchanged or transferred, and it must be so assigned by the Partnership to, and accepted as binding upon it by, such other corporation or entity in connection with any such reorganization, merger, consolidation, sale, exchange or transfer (the provisions of this sentence also being applicable to any successive such transaction). If the Partnership is converted into a corporation, all references herein to the "**Board**" shall be deemed to refer to the Board of Directors of the corporation and all references herein to the "**Partnership**" shall be deemed to refer to the corporation, unless the context otherwise requires. Upon such assignment, the corporation shall become solely liable for all obligations of the Partnership to the Employee hereunder for any period on and after the effective date of such conversion.

(g) *Withholding*. The Partnership shall have the right to deduct from all amounts paid to the Employee any taxes required by law to be withheld in respect of payments pursuant to this Agreement.

(h) *Headings*. Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

(i) *Rules of Construction*. Whenever the context so requires, the use of the masculine gender shall be deemed to include the feminine and vice versa, and the use of the singular shall be deemed to include the plural and vice versa.

(j) *Counterparts*. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ALLIANCE CAPITAL MANAGEMENT L.P.

By: ALLIANCE CAPITAL MANAGEMENT CORPORATION, its General Partner

By: /s/ Bruce W. Calvert

Name: Bruce W. Calvert

Title: Vice Chairman and Chief Executive Officer

LEWIS A. SANDERS

/s/ Lewis A. Sanders

Address: 4 East 66th St.

New York, NY 10021

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT dated as of June 20, 2000 by and between ALLIANCE CAPITAL MANAGEMENT L.P., a Delaware limited partnership (the "**Partnership**"), and ROGER HERTOG (the "**Employee**").

WHEREAS, Sanford C. Bernstein Inc. ("**Bernstein**") and the Partnership have entered into that certain Acquisition Agreement as of the date hereof (the "**Acquisition Agreement**");

WHEREAS, the Partnership wishes to assure itself of the services of the Employee for the period provided in this Agreement upon the Closing Date, as defined in the Acquisition Agreement (the "**Closing Date**"); and

WHEREAS, the Employee is willing to serve in the employ of the Partnership for such period upon the terms and conditions hereinafter provided;

NOW THEREFORE, in consideration of the mutual promises and agreements set forth below, the Partnership and the Employee agree as follows:

1. *Effectiveness and Employment*. This Agreement shall be effective as of the Closing Date and the Partnership shall employ the Employee, and the Employee shall be employed by the Partnership, subject to the terms and conditions of this Agreement.

2. *Term*. The employment of the Employee hereunder shall, except as otherwise provided in Section 5 hereof, continue through the third anniversary of the Closing Date, as defined in the Acquisition Agreement (the "Employment Term").

3. *Duties*.

(a) The Employee shall devote substantially all of his business time, effort and energies to the business of the Partnership; *provided*, however, that it shall not be a violation of this Agreement for the Employee to (i) serve, with prior approval of the Board (as defined below), on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach on a limited basis at educational institutions and (iii) manage the Employee's personal investments, so long as such activities described in clauses (i), (ii) and (iii) do not significantly interfere with the performance of the Employee's responsibilities as an employee of the Partnership in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities, including serving as an officer or director of Bernstein, have been conducted by the Employee (and disclosed to the Partnership) prior to the Closing Date, the continued conduct of such activities subsequent to the Closing Date shall not thereafter be deemed to interfere with the performance of the Employee's responsibilities to the Partnership.

(b) The Employee shall be employed by the Partnership and shall be responsible for private client sales, and marketing, oversight for combined pension asset business sales and marketing and public relations, with the appropriate authority, duties and responsibilities attendant to such responsibilities. During the Employment Term, the Employee shall report to the Chief Executive Officer of the Partnership. The Partnership shall use its best efforts to cause the Employee to be nominated for election to the Board of Directors (the "**Board**") of Alliance Capital Management Corporation ("**ACMC**"), the general partner of the Partnership, during the Employment Term, and to cause the Employee to be appointed to the position of Vice Chairman of the Board for the period of his service on the Board during the Employment Term. Pursuant to Section 6.03 of the Acquisition Agreement, the Employee shall also be appointed to the Executive Committee and the Bernstein Committee (each, as defined in the Acquisition Agreement).

4. *Compensation and Benefits*.

(a) *Base Salary*. During the Employment Term, the Partnership shall pay the Employee a base salary at the annual rate of not less than $1,000,000 per year (the "**Base Salary**"), payable in substantially equal biweekly installments or otherwise in accordance with the Partnership's payroll practices as in effect from time to time. The Employee shall be entitled to such increases in his Base Salary as may be determined from time to time by the SCB Committee, as defined in the Acquisition Agreement (the "**Bernstein Committee**"), subject to the aggregate limitation set forth in Section 9.05(a) of the Acquisition Agreement. Base Salary shall not be reduced after any such increase and the term Base Salary as utilized in this Agreement shall refer to Base Salary as so increased.

(b) *Deferred Compensation*. In addition to his Base Salary, during the Employment Term, the Employee shall participate in the Deferred Compensation Plan specified in Section 9.03 of the Acquisition Agreement (the "**Deferred Compensation Plan**") and shall receive a minimum annual Award (as defined in the Plan) of $4,000,000 (the "**Minimum Award**").

(c) *Expense Reimbursement*. The Partnership shall promptly reimburse the Employee for the ordinary and necessary business expenses incurred by him in the performance of his duties hereunder in accordance with the Partnership's usual policy.

(d) *Other Benefit Plans*. The Employee shall be eligible to participate in employee benefit plans maintained by the Partnership during the Employment Term in accordance with the terms set forth under Section 9.04 of the Acquisition Agreement.

5. *Termination of Employment*.

(a) *Compensation and Benefits*. Except as explicitly provided below in this Section 5 upon termination of the Employee's employment hereunder during the Employment Term, his right to Base Salary and future awards under the Deferred Compensation Plan (and Employee's right to unvested awards under the Deferred Compensation Plan) shall terminate, except that the Employee shall be entitled to receive the pro rata portion of his Base Salary for services rendered to the date of termination. The benefits to which the Employee may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(d) hereof shall be determined upon such termination in accordance with the terms of such plans, policies and arrangements.

(b) *Death and Disability*. The Employee's employment hereunder shall terminate upon his death during the Employment Term, and may be terminated by the Partnership by written notice to the Employee upon the determination by the Board in good faith that he is physically or mentally incapacitated during the Employment Term 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 ("**disability**"). In order to assist the Board in making such a determination, the Employee shall, as reasonably requested by the Board, (i) make himself available for medical examinations by one or more physicians chosen by the Board and approved by the Employee, whose approval shall not unreasonably be withheld, and (ii) grant the Board 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. In the event of a termination of employment under this Section 5(b), the Employee shall immediately vest on the date of any such termination in the full amount of all awards previously granted and outstanding under the Deferred Compensation Plan, and such benefits shall be payable in accordance with the terms of such plan.

(c) *Termination by the Partnership for Cause*. During the Employment Term, the Employee's employment hereunder may be terminated by the Partnership for Cause. For purposes of this Agreement, the term "**Cause**" shall mean (i) the Employee's continuing willful failure to perform his duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness), following at least 30 days' written notice to the Employee of such failure and an opportunity to cure, (ii) gross negligence or malfeasance in the performance of the Employee's duties hereunder, (iii) the Employee's engaging in any conduct which (A) constitutes an employment disqualification under applicable law (including the Securities Exchange Act of 1934) or a felony under the laws of the United States or any state thereof which is materially and demonstrably injurious to the business or the reputation of the Partnership, or (B) a violation of federal or state securities law by reason of which finding of violation described in this clause (B) 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, reputation, character or standing, (iv) in the absence of a finding by a court or other governmental body with proper jurisdiction that a felony or employment disqualification described in (iii)(A) or a violation described in (iii)(B) has occurred, a determination in good faith by the Board that an act or acts by the Employee constitutes a felony or employment disqualification or violation, or (v) breach of the provisions of Section 6(a), Section 6(b) or Section 6(c) hereof. The benefits to which the Employee may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(d) hereof shall be determined upon such termination in accordance with the terms of such plans, policies and arrangements.

For purposes of this Section 5(c), no act or failure to act, on the part of the Employee, shall be considered "willful" unless it is done, or omitted to be done, by the Employee in bad faith or without reasonable belief that the Employee's action or omission was in the best interests of the Partnership. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or based upon the advice of counsel for the Partnership shall be conclusively presumed to be done, or omitted to be done, by the Employee in good faith and in the best interests of the Partnership. The cessation of employment of the Employee shall not be deemed to be for Cause unless and until there shall have been delivered to the Employee a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board (excluding the Employee, if applicable) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Employee and the Employee is given an opportunity, together with counsel, to be heard before the Board) specifying the particulars of the conduct described above.

(d) *Termination by the Partnership without Cause*. The Employee's employment hereunder may be terminated by the Partnership (i) other than for Cause or (ii) as provided in Section 5(b) hereof, but in the event that the Employee's employment is terminated in accordance with the foregoing clause (i) of this Section 5(d) during the Employment Term, and notwithstanding any other provision of this Agreement to the contrary, the Employee shall nevertheless receive (A) the Base Salary which would otherwise have been payable to him pursuant to Section 4(a) for the Employment Term, payable in accordance with ordinary payroll practices, to the extent not previously paid, (B) a cash payment equal to the Minimum Award for each annual period of the Employment Term, to the extent such Minimum Award has not previously been made for such annual period, payable as of the first date that awards are made under the Deferred Compensation Plan for each such annual period, (C) full vesting and distribution of all Awards, if any, previously made to the Employee under the Deferred Compensation Plan, and (D) any benefits to which the Employee may be entitled in accordance with the terms of the plans, policies and arrangements referred to in Section 4(d) hereof upon or by reason of such termination (but otherwise benefits and other entitlements under such plans, policies and arrangements shall cease upon such termination). To the extent that Employee is eligible to receive severance benefits under any other severance plan, policy or arrangement, such severance benefits shall be reduced by the sum of the amount paid to the Employee under clauses (A) and (B) above.

(e) *Termination by the Employee*. In addition to such other rights as the Employee may have in connection with a breach of this Agreement by the Partnership, the Employee may, during the Employment Term, terminate his employment hereunder for Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean in the absence of a written consent of the Employee:

(A) the assignment to the Employee of any duties inconsistent with the Employee's title and position (including status, offices and reporting requirements), authority, duties or responsibilities as contemplated by Section 3 of this Agreement, or any other action by the Partnership which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated and insubstantial action not taken in bad faith and which is remedied by the Partnership within 45 days after receipt of notice thereof given by the Employee;

(B) any failure by the Partnership to comply with any of the provisions of Section 4 of this Agreement, other than an isolated and insubstantial failure not occurring in bad faith and which is remedied by the Partnership within 45 days after receipt of notice thereof given by the Employee; or

(C) (i) any failure of the Employee to be elected to the Board, or (ii) removal of the Employee from the Board by the Partnership without Cause.

Upon a termination by the Employee for Good Reason during the Employment Term, the Employee shall receive the payments and benefits he would have received on a termination by the Partnership without Cause as set forth in Section 5(d).

(f) *Certain Payments*. The Partnership shall pay to the Employee an amount which, on an after-tax basis (including federal income and excise taxes, and state and local income taxes) equals the excise tax, if any, imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "**Code**"), upon the Employee by reason of "payments" (as defined in Section 280G of the Code) to the Employee by the Partnership or its affiliates during the Employment Term (other than any such payments arising by reason of the transactions described in the Acquisition Agreement). For purposes of this Section 5(f), the Employee shall be deemed to pay federal, state and local income taxes at the highest marginal rate of taxation for the calendar year in which the gross-up payment is to be made, taking into account the maximum reduction in federal income taxes which could be obtained from deduction of state and local income taxes. Notwithstanding any other provision of this Agreement to the contrary, the provisions of this Section 5(f) shall survive beyond the end of the Employment Term.

6. Covenants.

(a) *Confidentiality*. The Employee acknowledges that he has acquired and will acquire confidential information respecting the business of the Partnership. Accordingly, the Employee agrees that he will not willfully disclose, at any time (during the Employment Term or thereafter), any such confidential information to any unauthorized third party without the written consent of the Partnership as authorized by the Board, except as required to respond to a subpoena or other legal proceeding and except to consult with legal or other advisors, provided that such advisors agree to be bound by the provisions of this Section 6(a); provided, that in the event the Employee is requested pursuant a subpoena or other legal proceeding to disclose any such confidential information, the Employee shall promptly notify the Partnership of such request and shall fully cooperate with the Partnership in any attempt to contest such request. For this purpose, information shall be considered confidential only if such information is proprietary to the Partnership and has not been made publicly available prior to its disclosure by the Employee.

(b) *Non-Competition*. Through the third anniversary of the Closing Date or, in the event of a termination of employment by the Partnership without Cause or by the Employee for Good Reason, through the date of such termination, the Employee shall not, without the consent of the Board, directly or indirectly, knowingly engage or be interested in (whether as an owner, partner, shareholder, employee, director, officer, agent, consultant or

otherwise), with or without compensation, any business that is in direct or indirect competition with any active or planned business conducted by the Partnership, any successor to the Partnership's business, or any of their affiliates or subsidiaries and in which the Employee participated while he was employed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries prior to the date hereof or during the Employment Term. Nothing in this Section 6(b) shall prohibit the Employee from acquiring or holding, directly or indirectly, any units in the Partnership or not more than five percent of any class of publicly traded securities of any business.

(c) *Non-Solicitation of Employees*. Through the third anniversary of the Closing Date or, in the event of a termination of employment by the Partnership without Cause or by the Employee for Good Reason, through the date of such termination, the Employee shall not directly or indirectly (i) solicit or induce, or cause others to solicit or induce any employees of the Partnership, Alliance Capital Management Holding L.P., or any of their subsidiaries ("**Partnership Employees**") to leave or in any way modify their relationship with the Partnership (except as such actions relate to carrying out the Employee's duties as contemplated under Section 3 hereof), (ii) hire or cause others to hire any of the Partnership Employees or (iii) encourage or assist in the hiring process of any Partnership Employee or in the modification of any such employee's relationship with the Partnership, or cause others to participate, encourage or assist in the hiring process of any Partnership Employee.

(d) *Non-Solicitation of Clients*. Notwithstanding anything to the contrary in Section 6(b) hereof, Section 6(b) shall not be applicable with respect to the Employee if his employment hereunder is terminated by the Partnership other than for Cause or by the Employee for Good Reason, provided that, through the earlier of the third anniversary of the Closing Date and the end of the one year period beginning on the date as of which his employment was so terminated, the Employee shall not, without the consent of the Board, directly or indirectly, in any capacity, with or without compensation, knowingly solicit, represent, or accept business on behalf of himself or any other person or entity from, (i) any clients or accounts as to whom the Employee had any direct involvement in the performance of any investment management or investment advisory services while he was employed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries (during the Employment Term or prior thereto), or (ii) any prospective clients or accounts as to whom the Employee, while so employed, directly participated in the solicitation, or was specifically identified to such prospective clients or accounts as a person who might have direct involvement in the performance, of investment management or investment advisory services proposed to be performed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries. For purposes of this Section 6(d), "**prospective clients or accounts**" shall be deemed to mean clients or accounts specifically identified in the Partnership's records as such and which have been contacted with a view to becoming clients or accounts of the Partnership either in person or by individualized mail.

(e) *Remedy for Breach and Modification*. The Employee acknowledges that the provisions of this Section 6 are reasonable and necessary for the protection of the Partnership and that the Partnership will be irrevocably damaged if such covenants are not specifically enforced. Accordingly, the Employee agrees that, in addition to any other relief or remedies available to the Partnership, the Partnership shall be entitled to seek and obtain an appropriate injunction or other equitable remedy from a court with proper jurisdiction for the purposes of restraining the Employee from any actual or threatened breach of such covenants, and no bond or security will be required in connection therewith. If any provision of this Section 6 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable.

7. *Indemnification*. For the period beginning with the date that the Employee becomes employed by the Partnership, he is hereby designated an "**Indemnified Person**" within the meaning of Section 6.09 of the Agreement of Limited Partnership of the Partnership as in effect on such date, and such designation shall remain in effect through the latest of the end of the Employment Term, termination of the Employee's employment for any reason, or the running of the relevant statute of limitations; provided, that nothing herein shall require indemnification for any conduct occurring after termination of the Employee's employment.

8. *Miscellaneous*.

(a) *Effectiveness*. In the event that the transactions contemplated by the Acquisition Agreement are not consummated, this Agreement shall have no further force and effect.

(b) *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed in that State.

(c) *Notice*. Any notice, consent, request or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by registered or certified mail, return receipt requested, to those listed below at their following respective addresses or at such other address as each may specify by notice to the others:

To the Employee:

At the address for the Employee set forth below

To the Partnership:

Alliance Capital Management Corporation
1345 Avenue of the Americas
New York, New York 10105
Attention: David Brewer
Senior Vice President and Secretary

(d) *Entire Agreement; Amendment*. Except with respect to deferred compensation arrangements between the Employee and the Partnership or any of its affiliates or subsidiaries and except as otherwise provided in employee benefit plans and arrangements maintained by the Partnership or any of its affiliates or subsidiaries in which the Employee participates, this Agreement shall supersede any and all existing agreements (other than the Acquisition Agreement) between the Employee and the Partnership or any of its affiliates or subsidiaries relating to the terms of the Employee's employment during the Employment Term. It may not be amended except by a written agreement signed by both parties.

(e) *Waiver*. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(f) *Assignment*. Except as otherwise provided in this paragraph, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by the Employee, and shall be assignable by the Partnership only to any corporation or other entity resulting from the reorganization, merger or consolidation of the Partnership with any other corporation or entity or any corporation or entity to or with which the Partnership's business or substantially all of its business or assets may

be sold, exchanged or transferred, and it must be so assigned by the Partnership to, and accepted as binding upon it by, such other corporation or entity in connection with any such reorganization, merger, consolidation, sale, exchange or transfer (the provisions of this sentence also being applicable to any successive such transaction). If the Partnership is converted into a corporation, all references herein to the "**Board**" shall be deemed to refer to the Board of Directors of the corporation and all references herein to the "**Partnership**" shall be deemed to refer to the corporation, unless the context otherwise requires. Upon such assignment, the corporation shall become solely liable for all obligations of the Partnership to the Employee hereunder for any period on and after the effective date of such conversion.

(g) *Withholding*. The Partnership shall have the right to deduct from all amounts paid to the Employee any taxes required by law to be withheld in respect of payments pursuant to this Agreement.

(h) *Headings*. Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

(i) *Rules of Construction*. Whenever the context so requires, the use of the masculine gender shall be deemed to include the feminine and vice versa, and the use of the singular shall be deemed to include the plural and vice versa.

(j) *Counterparts*. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ALLIANCE CAPITAL MANAGEMENT L.P.

By: ALLIANCE CAPITAL MANAGEMENT CORPORATION, its General Partner

By: /s/ Bruce W. Calvert

Name: Bruce W. Calvert

Title: Vice Chairman and Chief Executive Officer

ROGER HERTOG

/s/ Roger Hertog

Address: 1040 Fifth Avenue

New York, NY 10028

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT dated as of June 20, 2000 by and between ALLIANCE CAPITAL MANAGEMENT L.P., a Delaware limited partnership (the "**Partnership**"), and MICHAEL L. GOLDSTEIN (the "**Employee**").

WHEREAS, Sanford C. Bernstein Inc. ("**Bernstein**") and the Partnership have entered into that certain Acquisition Agreement as of the date hereof (the "**Acquisition Agreement**");

WHEREAS, the Partnership wishes to assure itself of the services of the Employee for the period provided in this Agreement upon the Closing Date, as defined in the Acquisition Agreement (the "**Closing Date**"); and

WHEREAS, the Employee is willing to serve in the employ of the Partnership for such period upon the terms and conditions hereinafter provided;

NOW THEREFORE, in consideration of the mutual promises and agreements set forth below, the Partnership and the Employee agree as follows:

1. *Effectiveness and Employment*. This Agreement shall be effective as of the Closing Date, as defined in the Acquisition Agreement, and the Partnership shall employ the Employee, and the Employee shall be employed by the Partnership, subject to the terms and conditions of this Agreement.

2. *Term*. The employment of the Employee hereunder shall, except as otherwise provided in Section 5 hereof, continue through the third anniversary of the Closing Date (the "**Employment Term**").

3. *Duties.*

(a) The Employee shall devote substantially all of his business time, effort and energies to the business of the Partnership; *provided*, however, that it shall not be a violation of this Agreement for the Employee to (i) serve, with prior approval of the Board of Directors of Alliance Capital Management Corporation (the general partner of the Partnership) (the "**Board**"), on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach on a limited basis at educational institutions and (iii) manage the Employee's personal investments, so long as such activities described in clauses (i), (ii) and (iii) do not significantly interfere with the performance of the Employee's responsibilities as an employee of the Partnership in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities, including serving as an officer or director of Bernstein, have been conducted by the Employee (and disclosed to the Partnership) prior to the Closing Date, the continued conduct of such activities subsequent to the Closing Date shall not thereafter be deemed to interfere with the performance of the Employee's responsibilities to the Partnership.

(b) The Employee shall be employed by the Partnership as Executive Vice President and Chief Investment Strategist Institutional Services with the appropriate authority, duties and responsibilities attendant to such position. During the Employment Term, the Employee shall report to the Chief Investment Officer of the Partnership.

4. *Compensation and Benefits*.

(a) *Base Salary*. During the Employment Term, the Partnership shall pay the Employee a base salary at the annual rate of not less than $500,000 per year (the "**Base Salary**"), payable in substantially equal biweekly installments or otherwise in accordance with the Partnership's payroll practices as in effect from time to time. The Employee shall be entitled to such increases in his Base Salary as may be determined from time to time by the SCB Committee, as defined in the Acquisition Agreement (the "**Bernstein Committee**"), subject to the aggregate limitation set forth in Section 9.05(a) of the Acquisition Agreement. Base Salary shall not be reduced after any such increase and the term Base Salary as utilized in this Agreement shall refer to Base Salary as so increased.

(b) *Deferred Compensation*. In addition to his Base Salary, during the Employment Term, the Employee shall participate in the Deferred Compensation Plan specified in Section 9.03 of the Acquisition Agreement (the "**Deferred Compensation Plan**") and shall receive a minimum annual Award (as defined in the Plan) of $3,333,000 (the "**Minimum Award**").

(c) *Expense Reimbursement*. The Partnership shall promptly reimburse the Employee for the ordinary and necessary business expenses incurred by him in the performance of his duties hereunder in accordance with the Partnership's usual policy.

(d) *Other Benefit Plans*. The Employee shall be eligible to participate in employee benefit plans maintained by the Partnership during the Employment Term in accordance with the terms set forth under Section 9.04 of the Acquisition Agreement.

5. *Termination of Employment*.

(a) *Compensation and Benefits*. Except as explicitly provided below in this Section 5, upon termination of the Employee's employment hereunder during the Employment Term, his right to Base Salary and future awards under the Deferred Compensation Plan (and his right to unvested awards under the Deferred Compensation Plan) shall terminate, except that the Employee shall be entitled to receive the pro rata portion of his Base Salary for services rendered to the date of termination. The benefits to which the Employee may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(d) hereof shall be determined upon such termination in accordance with the terms of such plans, policies and arrangements.

(b) *Death and Disability*. The Employee's employment hereunder shall terminate upon his death during the Employment Term, and may be terminated by the Partnership by written notice to the Employee upon the determination by the Board in good faith that he is physically or mentally incapacitated during the Employment Term 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 ("**disability**"). In order to assist the Board in making such a determination, the Employee shall, as reasonably requested by the Board, (i) make himself available for medical examinations by one or more physicians chosen by the Board and approved by the Employee, whose approval shall not unreasonably be withheld, and (ii) grant the Board 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. In the event of a termination of employment under this Section 5(b), the Employee shall immediately vest on the date of any such termination in the full amount of all awards previously granted and outstanding under the Deferred Compensation Plan and such benefits shall be payable in accordance with the terms of such plan.

(c) *Termination by the Partnership for Cause*. During the Employment Term, the Employee's employment hereunder may be terminated by the Partnership for Cause. For purposes of this Agreement, the term "**Cause**" shall mean (i) the Employee's continuing willful failure to perform his duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness), following at least 30 days' written notice to the Employee of such failure and an opportunity to cure, (ii) gross negligence or malfeasance in the performance of the Employee's duties hereunder, (iii) the Employee's engaging in any conduct which (A) constitutes an employment disqualification under

applicable law (including the Securities Exchange Act of 1934) or a felony under the laws of the United States or any state thereof which is materially and demonstrably injurious to the business or the reputation of the Partnership, or (B) a violation of federal or state securities law by reason of which finding of violation described in this clause (B) 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, reputation, character or standing, (iv) in the absence of a finding by a court or other governmental body with proper jurisdiction that a felony or employment disqualification described in (iii)(A) or a violation described in (iii)(B) has occurred, a determination in good faith by the Board that an act or acts by the Employee constitutes a felony or employment disqualification or violation, or (v) breach of the provisions of Section 6(a), Section 6(b) or Section 6(c) hereof. The benefits to which the Employee may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(d) hereof shall be determined upon such termination in accordance with the terms of such plans, policies and arrangements.

For purposes of this Section 5(c), no act or failure to act, on the part of the Employee, shall be considered "willful" unless it is done, or omitted to be done, by the Employee in bad faith or without reasonable belief that the Employee's action or omission was in the best interests of the Partnership. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Investment Officer or Chief Executive Officer or based upon the advice of counsel for the Partnership shall be conclusively presumed to be done, or omitted to be done, by the Employee in good faith and in the best interests of the Partnership. The cessation of employment of the Employee shall not be deemed to be for Cause unless and until there shall have been delivered to the Employee a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board (excluding the Employee, if applicable) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Employee and the Employee is given an opportunity, together with counsel, to be heard before the Board) specifying the particulars of the conduct described above.

(d) *Termination by the Partnership without Cause*. The Employee's employment hereunder may be terminated by the Partnership (i) other than for Cause or (ii) as provided in Section 5(b) hereof, but in the event that the Employee's employment is terminated in accordance with the foregoing clause (i) of this Section 5(d) during the Employment Term, and notwithstanding any other provision of this Agreement to the contrary, the Employee shall nevertheless receive (A) the Base Salary which would otherwise have been payable to him pursuant to Section 4(a) for the Employment Term, payable in accordance with ordinary payroll practices, to the extent not previously paid, (B) a cash payment equal to the Minimum Award for each annual period of the Employment Term to the extent such Minimum Award has not previously been made for such annual period, payable as of the first date that awards are made under the Deferred Compensation Plan for each such annual period, (C) full vesting and distribution of all Awards, if any, previously made to the Employee under the Deferred Compensation Plan, and (D) any benefits to which the Employee may be entitled in accordance with the terms of the plans, policies and arrangements referred to in Section 4(d) hereof upon or by reason of such termination (but otherwise benefits and other entitlements under such plans, policies and arrangements shall cease upon such termination). To the extent that Employee is eligible to receive severance benefits under any other severance plan, policy or arrangement, such severance benefits shall be reduced by the sum of the amount paid to the Employee under clauses (A) and (B) above.

(e) *Termination by the Employee*. In addition to such other rights as the Employee may have in connection with a breach of this Agreement by the Partnership, the Employee may, during the Employment Term, terminate his employment hereunder for Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean in the absence of a written consent of the Employee:

(A) the assignment to the Employee of any duties inconsistent with the Employee's title and position (including status, offices and reporting requirements), authority, duties or responsibilities as contemplated by Section 3 of this Agreement, or any other action by the Partnership which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated and insubstantial action not taken in bad faith and which is remedied by the Partnership within 45 days after receipt of notice thereof given by the Employee;

(B) any failure by the Partnership to comply with any of the provisions of Section 4 of this Agreement, other than an isolated and insubstantial failure not occurring in bad faith and which is remedied by the Partnership within 45 days after receipt of notice thereof given by the Employee; or

(C) termination of the service of both Lewis A. Sanders and Roger Hertog (the "**Executives**") as members of the Board, in each case as a result of either (i) a termination by the Partnership without "Cause" (within the meaning of Section 5(d) of the Executives' respective Employment Agreements with the Partnership dated as of the date hereof (the "**Employment Agreements**") or (ii) a termination by the Executive for "Good Reason" as defined in Section 5(e)(A), (B) or (C) of the Employment Agreements.

Upon a termination by the Employee for Good Reason, during the Employment Term, the Employee shall receive the payments and benefits he would have received on a termination by the Partnership without Cause as set forth in Section 5(d).

(f) *Certain Payments*. The Partnership shall pay to the Employee an amount which, on an after-tax basis (including federal income and excise taxes, and state and local income taxes) equals the excise tax, if any, imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "**Code**"), upon the Employee by reason of "payments" (as defined in Section 280G of the Code) to the Employee by the Partnership or its affiliates during the Employment Term (other than any such payments arising by reason of the transactions described in the Acquisition Agreement). For purposes of this Section 5(f), the Employee shall be deemed to pay federal, state and local income taxes at the highest marginal rate of taxation for the calendar year in which the gross-up payment is to be made, taking into account the maximum reduction in federal income taxes which could be obtained from deduction of state and local income taxes. Notwithstanding any other provision of this Agreement to the contrary, the provisions of this Section 5(f) shall survive beyond the end of the Employment Term.

6. *Covenants*.

(a) *Confidentiality*. The Employee acknowledges that he has acquired and will acquire confidential information respecting the business of the Partnership. Accordingly, the Employee agrees that he will not willfully disclose, at any time (during the Employment Term or thereafter), any such confidential information to any unauthorized third party without the written consent of the Partnership as authorized by the Board, except as required to respond to a subpoena or other legal proceeding and except to consult with legal or other advisors, provided that such advisors agree to be bound by the provisions of this Section 6(a); *provided*, that in the event the Employee is requested pursuant a subpoena or other legal proceeding to disclose any such confidential information, the Employee shall promptly notify the Partnership of such request and shall fully cooperate with the Partnership in any attempt to contest such request. For this purpose, information shall be considered confidential only if such information is proprietary to the Partnership and has not been made publicly available prior to its disclosure by the Employee.

(b) *Non-Competition*. Through the third anniversary of the Closing Date or, in the event of a termination of employment by the Partnership without Cause or by the Employee for Good Reason, through the date of such termination, the Employee shall not, without the consent of the Board, directly or indirectly, knowingly engage or be interested in (whether as an owner, partner, shareholder, employee, director, officer, agent, consultant or otherwise), with or without compensation, any business that is in direct or indirect competition with any active or

planned business conducted by the Partnership, any successor to the Partnership's business, or any of their affiliates or subsidiaries and in which the Employee participated while he was employed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries prior to the date hereof or during the Employment Term. Nothing in this Section 6(b) shall prohibit the Employee from acquiring or holding, directly or indirectly, any units in the Partnership or not more than five percent of any class of publicly traded securities of any business.

(c) *Non-Solicitation of Employees*. Through the third anniversary of the Closing Date or, in the event of a termination of employment by the Partnership without Cause or by the Employee for Good Reason, through the date of such termination, the Employee shall not directly or indirectly (i) solicit or induce, or cause others to solicit or induce any employees of the Partnership, Alliance Capital Management Holding L.P., or any of their subsidiaries ("**Partnership Employees**") to leave or in any way modify their relationship with the Partnership (except as such actions relate to carrying out the Employee's duties as contemplated under Section 3 hereof), (ii) hire or cause others to hire any of the Partnership Employees or (iii) encourage or assist in the hiring process of any Partnership Employee or in the modification of any such employee's relationship with the Partnership, or cause others to participate, encourage or assist in the hiring process of any Partnership Employee.

(d) *Non-Solicitation of Clients*. Notwithstanding anything to the contrary in Section 6(b) hereof, Section 6(b) shall not be applicable with respect to the Employee if his employment hereunder is terminated by the Partnership other than for Cause or by the Employee for Good Reason, provided that, through the earlier of the third anniversary of the Closing Date and the end of the one year period beginning on the date as of which his employment was so terminated, the Employee shall not, without the consent of the Board, directly or indirectly, in any capacity, with or without compensation, knowingly solicit, represent, or accept business on behalf of himself or any other person or entity from, (i) any clients or accounts as to whom the Employee had any direct involvement in the performance of any investment management or investment advisory services while he was employed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries (during the Employment Term or prior thereto), or (ii) any prospective clients or accounts as to whom the Employee, while so employed, directly participated in the solicitation, or was specifically identified to such prospective clients or accounts as a person who might have direct involvement in the performance, of investment management or investment advisory services proposed to be performed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries. For purposes of this Section 6(d), "**prospective clients or accounts**" shall be deemed to mean clients or accounts specifically identified in the Partnership's records as such and which have been contacted with a view to becoming clients or accounts of the Partnership either in person or by individualized mail.

(e) *Remedy for Breach and Modification*. The Employee acknowledges that the provisions of this Section 6 are reasonable and necessary for the protection of the Partnership and that the Partnership will be irrevocably damaged if such covenants are not specifically enforced. Accordingly, the Employee agrees that, in addition to any other relief or remedies available to the Partnership, the Partnership shall be entitled to seek and obtain an appropriate injunction or other equitable remedy from a court with proper jurisdiction for the purposes of restraining the Employee from any actual or threatened breach of such covenants, and no bond or security will be required in connection therewith. If any provision of this Section 6 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable.

7. *Indemnification*. For the period beginning with the date that the Employee becomes employed by the Partnership, he is hereby designated an "**Indemnified Person**" within the meaning of Section 6.09 of the Agreement of Limited Partnership of the Partnership as in effect on such date, and such designation shall remain in effect through the latest of the end of the Employment Term, termination of the Employee's employment for any reason, or the running of the relevant statute of limitations; *provided*, that nothing herein shall require indemnification for any conduct occurring after termination of the Employee's employment.

8. *Miscellaneous*.

(a) *Effectiveness*. In the event that the transactions contemplated by the Acquisition Agreement are not consummated, this Agreement shall have no further force and effect.

(b) *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed in that State.

(c) *Notice*. Any notice, consent, request or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by registered or certified mail, return receipt requested, to those listed below at their following respective addresses or at such other address as each may specify by notice to the others:

To the Employee:

At the address for the Employee set forth below

To the Partnership:

Alliance Capital Management Corporation
1345 Avenue of the Americas
New York, New York 10105
Attention: David Brewer
Senior Vice President and Secretary

(d) *Entire Agreement; Amendment*. Except with respect to deferred compensation arrangements between the Employee and the Partnership or any of its affiliates or subsidiaries and except as otherwise provided in employee benefit plans and arrangements maintained by the Partnership or any of its affiliates or subsidiaries in which the Employee participates, this Agreement shall supersede any and all existing agreements (other than the Acquisition Agreement) between the Employee and the Partnership or any of its affiliates or subsidiaries relating to the terms of the Employee's employment during the Employment Term. It may not be amended except by a written agreement signed by both parties.

(e) *Waiver*. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(f) *Assignment*. Except as otherwise provided in this paragraph, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by the Employee, and shall be assignable by the Partnership only to any corporation or other entity resulting from the reorganization, merger or consolidation of the Partnership with any other corporation or entity or any corporation or entity to or with which the Partnership's business or substantially all of its business or assets may be sold, exchanged or transferred, and it must be so assigned by the Partnership to, and accepted as binding upon it by, such other corporation or entity in connection with any such reorganization, merger, consolidation, sale, exchange or transfer (the provisions of this sentence also being applicable to any successive such transaction). If the Partnership is converted into a corporation, all references herein to the "**Board**" shall be deemed to refer to the Board of Directors of the corporation and all references herein to the "**Partnership**" shall be deemed to refer to the corporation, unless the context otherwise requires. Upon such assignment, the corporation shall become solely liable for all obligations of the Partnership to the Employee hereunder for any period on and after the effective date of such conversion.

(g) *Withholding*. The Partnership shall have the right to deduct from all amounts paid to the Employee any taxes required by law to be withheld in respect of payments pursuant to this Agreement.

(h) *Headings*. Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

(i) *Rules of Construction*. Whenever the context so requires, the use of the masculine gender shall be deemed to include the feminine and vice versa, and the use of the singular shall be deemed to include the plural and vice versa.

(j) *Counterparts*. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ALLIANCE CAPITAL MANAGEMENT L.P.
By: ALLIANCE CAPITAL MANAGEMENT CORPORATION, its General Partner

By: /s/ Bruce W. Calvert

Name: Bruce W. Calvert

Title: Vice Chairman and Chief Executive Officer

MICHAEL L. GOLDSTEIN

/s/ Michael L. Goldstein

Address: 468 W. Broadway #5G

New York, NY 10012

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT dated as of June 20, 2000 by and between ALLIANCE CAPITAL MANAGEMENT L.P., a Delaware limited partnership (the "**Partnership**"), and ANDREW S. ADELSON (the "**Employee**").

WHEREAS, Sanford C. Bernstein Inc. ("**Bernstein**") and the Partnership have entered into that certain Acquisition Agreement as of the date hereof (the "**Acquisition Agreement**");

WHEREAS, the Partnership wishes to assure itself of the services of the Employee for the period provided in this Agreement upon the Closing Date, as defined in the Acquisition Agreement (the "**Closing Date**"); and

WHEREAS, the Employee is willing to serve in the employ of the Partnership for such period upon the terms and conditions hereinafter provided;

NOW THEREFORE, in consideration of the mutual promises and agreements set forth below, the Partnership and the Employee agree as follows:

1. *Effectiveness and Employment*. This Agreement shall be effective as of the Closing Date, as defined in the Acquisition Agreement, and the Partnership shall employ the Employee, and the Employee shall be employed by the Partnership, subject to the terms and conditions of this Agreement.

2. *Term*. The employment of the Employee hereunder shall, except as otherwise provided in Section 5 hereof, continue through the third anniversary of the Closing Date (the "**Employment Term**").

3. *Duties*.

(a) The Employee shall devote substantially all of his business time, effort and energies to the business of the Partnership; provided, however, that it shall not be a violation of this Agreement for the Employee to (i) serve, with prior approval of the Board of Directors of Alliance Capital Management Corporation (the general partner of the Partnership) (the "**Board**"), on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach on a limited basis at educational institutions and (iii) manage the Employee's personal investments, so long as such activities described in clauses (i), (ii) and (iii) do not significantly interfere with the performance of the Employee's responsibilities as an employee of the Partnership in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities, including serving as an officer or director of Bernstein, have been conducted by the Employee (and disclosed to the Partnership) prior to the Closing Date, the continued conduct of such activities subsequent to the Closing Date shall not thereafter be deemed to interfere with the performance of the Employee's responsibilities to the Partnership.

(b) The Employee shall be employed by the Partnership as Executive Vice President and Chief Investment Officer International Value Equities with the appropriate authority, duties and responsibilities attendant to such position. During the Employment Term, the Employee shall report to the Chief Investment Officer of the Partnership.

4. *Compensation and Benefits*.

(a) *Base Salary*. During the Employment Term, the Partnership shall pay the Employee a base salary at the annual rate of not less than $500,000 per year (the "**Base Salary**"), payable in substantially equal biweekly installments or otherwise in accordance with the Partnership's payroll practices as in effect from time to time. The Employee shall be entitled to such increases in his Base Salary as may be determined from time to time by the SCB Committee, as defined in the Acquisition Agreement (the "**Bernstein Committee**"), subject to the aggregate limitation set forth in Section 9.05(a) of the Acquisition Agreement. Base Salary shall not be reduced after any such increase and the term Base Salary as utilized in this Agreement shall refer to Base Salary as so increased.

(b) *Deferred Compensation*. In addition to his Base Salary, during the Employment Term, the Employee shall participate in the Deferred Compensation Plan specified in Section 9.03 of the Acquisition Agreement (the "**Deferred Compensation Plan**") and shall receive a minimum annual Award (as defined in the Plan) of $3,333,000 (the "**Minimum Award**").

(c) *Expense Reimbursement*. The Partnership shall promptly reimburse the Employee for the ordinary and necessary business expenses incurred by him in the performance of his duties hereunder in accordance with the Partnership's usual policy.

(d) *Other Benefit Plans*. The Employee shall be eligible to participate in employee benefit plans maintained by the Partnership during the Employment Term in accordance with the terms set forth under Section 9.04 of the Acquisition Agreement.

5. *Termination of Employment.*

(a) *Compensation and Benefits*. Except as explicitly provided below in this Section 5, upon termination of the Employee's employment hereunder during the Employment Term, his right to Base Salary and future awards under the Deferred Compensation Plan (and his right to unvested awards under the Deferred Compensation Plan) shall terminate, except that the Employee shall be entitled to receive the pro rata portion of his Base Salary for services rendered to the date of termination. The benefits to which the Employee may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(d) hereof shall be determined upon such termination in accordance with the terms of such plans, policies and arrangements.

(b) *Death and Disability*. The Employee's employment hereunder shall terminate upon his death during the Employment Term, and may be terminated by the Partnership by written notice to the Employee upon the determination by the Board in good faith that he is physically or mentally incapacitated during the Employment Term 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 ("**disability**"). In order to assist the Board in making such a determination, the Employee shall, as reasonably requested by the Board, (i) make himself available for medical examinations by one or more physicians chosen by the Board and approved by the Employee, whose approval shall not unreasonably be withheld, and (ii) grant the Board 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. In the event of a termination of employment under this Section 5(b), the Employee shall immediately vest on the date of any such termination in the full amount of all awards previously granted and outstanding under the Deferred Compensation Plan and such benefits shall be payable in accordance with the terms of such plan.

(c) *Termination by the Partnership for Cause*. During the Employment Term, the Employee's employment hereunder may be terminated by the Partnership for Cause. For purposes of this Agreement, the term "**Cause**" shall mean (i) the Employee's continuing willful failure to perform his duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness), following at least 30 days' written notice to the

Employee of such failure and an opportunity to cure, (ii) gross negligence or malfeasance in the performance of the Employee's duties hereunder, (iii) the Employee's engaging in any conduct which (A) constitutes an employment disqualification under applicable law (including the Securities Exchange Act of 1934) or a felony under the laws of the United States or any state thereof which is materially and demonstrably injurious to the business or the reputation of the Partnership, or (B) a violation of federal or state securities law by reason of which finding of violation described in this clause (B) 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, reputation, character or standing, (iv) in the absence of a finding by a court or other governmental body with proper jurisdiction that a felony or employment disqualification described in (iii)(A) or a violation described in (iii)(B) has occurred, a determination in good faith by the Board that an act or acts by the Employee constitutes a felony or employment disqualification or violation, or (v) breach of the provisions of Section 6(a), Section 6(b) or Section 6(c) hereof. The benefits to which the Employee may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(d) hereof shall be determined upon such termination in accordance with the terms of such plans, policies and arrangements.

For purposes of this Section 5(c), no act or failure to act, on the part of the Employee, shall be considered "willful" unless it is done, or omitted to be done, by the Employee in bad faith or without reasonable belief that the Employee's action or omission was in the best interests of the Partnership. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Investment Officer or Chief Executive Officer or based upon the advice of counsel for the Partnership shall be conclusively presumed to be done, or omitted to be done, by the Employee in good faith and in the best interests of the Partnership. The cessation of employment of the Employee shall not be deemed to be for Cause unless and until there shall have been delivered to the Employee a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board (excluding the Employee, if applicable) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Employee and the Employee is given an opportunity, together with counsel, to be heard before the Board) specifying the particulars of the conduct described above.

(d) *Termination by the Partnership without Cause*. The Employee's employment hereunder may be terminated by the Partnership (i) other than for Cause or (ii) as provided in Section 5(b) hereof, but in the event that the Employee's employment is terminated in accordance with the foregoing clause (i) of this Section 5(d) during the Employment Term, and notwithstanding any other provision of this Agreement to the contrary, the Employee shall nevertheless receive (A) the Base Salary which would otherwise have been payable to him pursuant to Section 4(a) for the Employment Term, payable in accordance with ordinary payroll practices, to the extent not previously paid, (B) a cash payment equal to the Minimum Award for each annual period of the Employment Term to the extent such Minimum Award has not previously been made for such annual period, payable as of the first date that awards are made under the Deferred Compensation Plan for each such annual period, (C) full vesting and distribution of all Awards, if any, previously made to the Employee under the Deferred Compensation Plan, and (D) any benefits to which the Employee may be entitled in accordance with the terms of the plans, policies and arrangements referred to in Section 4(d) hereof upon or by reason of such termination (but otherwise benefits and other entitlements under such plans, policies and arrangements shall cease upon such termination). To the extent that Employee is eligible to receive severance benefits under any other severance plan, policy or arrangement, such severance benefits shall be reduced by the sum of the amount paid to the Employee under clauses (A) and (B) above.

(e) *Termination by the Employee*. In addition to such other rights as the Employee may have in connection with a breach of this Agreement by the Partnership, the Employee may, during the Employment Term, terminate his employment hereunder for Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean in the absence of a written consent of the Employee:

(A) the assignment to the Employee of any duties inconsistent with the Employee's title and position (including status, offices and reporting requirements), authority, duties or responsibilities as contemplated by Section 3 of this Agreement, or any other action by the Partnership which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated and insubstantial action not taken in bad faith and which is remedied by the Partnership within 45 days after receipt of notice thereof given by the Employee;

(B) any failure by the Partnership to comply with any of the provisions of Section 4 of this Agreement, other than an isolated and insubstantial failure not occurring in bad faith and which is remedied by the Partnership within 45 days after receipt of notice thereof given by the Employee; or

(C) termination of the service of both Lewis A. Sanders and Roger Hertog (the "**Executives**") as members of the Board, in each case as a result of either (i) a termination by the Partnership without "Cause" (within the meaning of Section 5(d) of the Executives' respective Employment Agreements with the Partnership dated as of the date hereof (the "**Employment Agreements**") or (ii) a termination by the Executive for "Good Reason" as defined in Section 5(e)(A), (B) or (C) of the Employment Agreements.

Upon a termination by the Employee for Good Reason, during the Employment Term, the Employee shall receive the payments and benefits he would have received on a termination by the Partnership without Cause as set forth in Section 5(d).

(f) *Certain Payments*. The Partnership shall pay to the Employee an amount which, on an after-tax basis (including federal income and excise taxes, and state and local income taxes) equals the excise tax, if any, imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "**Code**"), upon the Employee by reason of "payments" (as defined in Section 280G of the Code) to the Employee by the Partnership or its affiliates during the Employment Term (other than any such payments arising by reason of the transactions described in the Acquisition Agreement). For purposes of this Section 5(f), the Employee shall be deemed to pay federal, state and local income taxes at the highest marginal rate of taxation for the calendar year in which the gross-up payment is to be made, taking into account the maximum reduction in federal income taxes which could be obtained from deduction of state and local income taxes. Notwithstanding any other provision of this Agreement to the contrary, the provisions of this Section 5(f) shall survive beyond the end of the Employment Term.

6. *Covenants*.

(a) *Confidentiality*. The Employee acknowledges that he has acquired and will acquire confidential information respecting the business of the Partnership. Accordingly, the Employee agrees that he will not willfully disclose, at any time (during the Employment Term or thereafter), any such confidential information to any unauthorized third party without the written consent of the Partnership as authorized by the Board, except as required to respond to a subpoena or other legal proceeding and except to consult with legal or other advisors, provided that such advisors agree to be bound by the provisions of this Section 6(a); *provided*, that in the event the Employee is requested pursuant a subpoena or other legal proceeding to disclose any such confidential information, the Employee shall promptly notify the Partnership of such request and shall fully cooperate with the Partnership in any attempt to contest such request. For this purpose, information shall be considered confidential only if such information is proprietary to the Partnership and has not been made publicly available prior to its disclosure by the Employee.

(b) *Non-Competition*. Through the third anniversary of the Closing Date or, in the event of a termination of employment by the Partnership without Cause or by the Employee for Good Reason, through the date of such termination, the Employee shall not, without the consent of the Board, directly or indirectly, knowingly engage or be interested in (whether as an owner, partner, shareholder, employee, director, officer, agent, consultant or

otherwise), with or without compensation, any business that is in direct or indirect competition with any active or planned business conducted by the Partnership, any successor to the Partnership's business, or any of their affiliates or subsidiaries and in which the Employee participated while he was employed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries prior to the date hereof or during the Employment Term. Nothing in this Section 6(b) shall prohibit the Employee from acquiring or holding, directly or indirectly, any units in the Partnership or not more than five percent of any class of publicly traded securities of any business.

(c) *Non-Solicitation of Employees*. Through the third anniversary of the Closing Date or, in the event of a termination of employment by the Partnership without Cause or by the Employee for Good Reason, through the date of such termination, the Employee shall not directly or indirectly (i) solicit or induce, or cause others to solicit or induce any employees of the Partnership, Alliance Capital Management Holding L.P., or any of their subsidiaries ("**Partnership Employees**") to leave or in any way modify their relationship with the Partnership (except as such actions relate to carrying out the Employee's duties as contemplated under Section 3 hereof), (ii) hire or cause others to hire any of the Partnership Employees or (iii) encourage or assist in the hiring process of any Partnership Employee or in the modification of any such employee's relationship with the Partnership, or cause others to participate, encourage or assist in the hiring process of any Partnership Employee.

(d) *Non-Solicitation of Clients*. Notwithstanding anything to the contrary in Section 6(b) hereof, Section 6(b) shall not be applicable with respect to the Employee if his employment hereunder is terminated by the Partnership other than for Cause or by the Employee for Good Reason, provided that, through the earlier of the third anniversary of the Closing Date and the end of the one year period beginning on the date as of which his employment was so terminated, the Employee shall not, without the consent of the Board, directly or indirectly, in any capacity, with or without compensation, knowingly solicit, represent, or accept business on behalf of himself or any other person or entity from, (i) any clients or accounts as to whom the Employee had any direct involvement in the performance of any investment management or investment advisory services while he was employed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries (during the Employment Term or prior thereto), or (ii) any prospective clients or accounts as to whom the Employee, while so employed, directly participated in the solicitation, or was specifically identified to such prospective clients or accounts as a person who might have direct involvement in the performance, of investment management or investment advisory services proposed to be performed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries. For purposes of this Section 6(d), "**prospective clients or accounts**" shall be deemed to mean clients or accounts specifically identified in the Partnership's records as such and which have been contacted with a view to becoming clients or accounts of the Partnership either in person or by individualized mail.

(e) *Remedy for Breach and Modification*. The Employee acknowledges that the provisions of this Section 6 are reasonable and necessary for the protection of the Partnership and that the Partnership will be irrevocably damaged if such covenants are not specifically enforced. Accordingly, the Employee agrees that, in addition to any other relief or remedies available to the Partnership, the Partnership shall be entitled to seek and obtain an appropriate injunction or other equitable remedy from a court with proper jurisdiction for the purposes of restraining the Employee from any actual or threatened breach of such covenants, and no bond or security will be required in connection therewith. If any provision of this Section 6 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable.

7. *Indemnification*. For the period beginning with the date that the Employee becomes employed by the Partnership, he is hereby designated an "*Indemnified Person*" within the meaning of Section 6.09 of the Agreement of Limited Partnership of the Partnership as in effect on such date, and such designation shall remain in effect through the latest of the end of the Employment Term, termination of the Employee's employment for any reason, or the running of the relevant statute of limitations; *provided*, that nothing herein shall require indemnification for any conduct occurring after termination of the Employee's employment.

8. *Miscellaneous*.

(a) *Effectiveness*. In the event that the transactions contemplated by the Acquisition Agreement are not consummated, this Agreement shall have no further force and effect.

(b) *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed in that State.

(c) *Notice*. Any notice, consent, request or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by registered or certified mail, return receipt requested, to those listed below at their following respective addresses or at such other address as each may specify by notice to the others:

To the Employee:

At the address for the Employee set forth below

To the Partnership:

Alliance Capital Management Corporation
1345 Avenue of the Americas
New York, New York 10105
Attention: David Brewer
Senior Vice President and Secretary

(d) *Entire Agreement; Amendment*. Except with respect to deferred compensation arrangements between the Employee and the Partnership or any of its affiliates or subsidiaries and except as otherwise provided in employee benefit plans and arrangements maintained by the Partnership or any of its affiliates or subsidiaries in which the Employee participates, this Agreement shall supersede any and all existing agreements (other than the Acquisition Agreement) between the Employee and the Partnership or any of its affiliates or subsidiaries relating to the terms of the Employee's employment during the Employment Term. It may not be amended except by a written agreement signed by both parties.

(e) *Waiver*. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(f) *Assignment*. Except as otherwise provided in this paragraph, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by the Employee, and shall be assignable by the Partnership only to any corporation or other entity resulting from the reorganization, merger or consolidation of the Partnership with any other corporation or entity or any corporation or entity to or with which the Partnership's business or substantially all of its business or assets may

be sold, exchanged or transferred, and it must be so assigned by the Partnership to, and accepted as binding upon it by, such other corporation or entity in connection with any such reorganization, merger, consolidation, sale, exchange or transfer (the provisions of this sentence also being applicable to any successive such transaction). If the Partnership is converted into a corporation, all references herein to the "**Board**" shall be deemed to refer to the Board of Directors of the corporation and all references herein to the "**Partnership**" shall be deemed to refer to the corporation, unless the context otherwise requires. Upon such assignment, the corporation shall become solely liable for all obligations of the Partnership to the Employee hereunder for any period on and after the effective date of such conversion.

(g) *Withholding*. The Partnership shall have the right to deduct from all amounts paid to the Employee any taxes required by law to be withheld in respect of payments pursuant to this Agreement.

(h) *Headings*. Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

(i) *Rules of Construction*. Whenever the context so requires, the use of the masculine gender shall be deemed to include the feminine and vice versa, and the use of the singular shall be deemed to include the plural and vice versa.

(j) *Counterparts*. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ALLIANCE CAPITAL MANAGEMENT L.P.

By: ALLIANCE CAPITAL MANAGEMENT CORPORATION, its General Partner

By: /s/ Bruce W. Calvert

Name: Bruce W. Calvert

Title: Vice Chairman and Chief Executive Officer

ANDREW S. ADELSON

/s/ Andrew Adelson

Address: 44 Buckingham Road

Terafly, NJ 07670

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT dated as of June 20, 2000 by and between ALLIANCE CAPITAL MANAGEMENT L.P., a Delaware limited partnership (the "**Partnership**"), and MARILYN G. FEDAK (the "**Employee**").

WHEREAS, Sanford C. Bernstein Inc. ("**Bernstein**") and the Partnership have entered into that certain Acquisition Agreement as of the date hereof (the "**Acquisition Agreement**");

WHEREAS, the Partnership wishes to assure itself of the services of the Employee for the period provided in this Agreement upon the Closing Date, as defined in the Acquisition Agreement (the "**Closing Date**"); and

WHEREAS, the Employee is willing to serve in the employ of the Partnership for such period upon the terms and conditions hereinafter provided;

NOW THEREFORE, in consideration of the mutual promises and agreements set forth below, the Partnership and the Employee agree as follows:

1. *Effectiveness and Employment*. This Agreement shall be effective as of the Closing Date, as defined in the Acquisition Agreement, and the Partnership shall employ the Employee, and the Employee shall be employed by the Partnership, subject to the terms and conditions of this Agreement.

2. *Term*. The employment of the Employee hereunder shall, except as otherwise provided in Section 5 hereof, continue through the third anniversary of the Closing Date (the "**Employment Term**").

3. *Duties*.

(a) The Employee shall devote substantially all of her business time, effort and energies to the business of the Partnership; *provided*, however, that it shall not be a violation of this Agreement for the Employee to (i) serve, with prior approval of the Board of Directors of Alliance Capital Management Corporation (the general partner of the Partnership) (the "**Board**"), on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach on a limited basis at educational institutions and (iii) manage the Employee's personal investments, so long as such activities described in clauses (i), (ii) and (iii) do not significantly interfere with the performance of the Employee's responsibilities as an employee of the Partnership in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities, including serving as an officer or director of Bernstein, have been conducted by the Employee (and disclosed to the Partnership) prior to the Closing Date, the continued conduct of such activities subsequent to the Closing Date shall not thereafter be deemed to interfere with the performance of the Employee's responsibilities to the Partnership.

(b) The Employee shall be employed by the Partnership as Executive Vice President and Chief Investment Officer U.S. Value Equities with the appropriate authority, duties and responsibilities attendant to such position. During the Employment Term, the Employee shall report to the Chief Investment Officer of the Partnership.

4. Compensation and Benefits.

(a) *Base Salary*. During the Employment Term, the Partnership shall pay the Employee a base salary at the annual rate of not less than $500,000 per year (the "**Base Salary**"), payable in substantially equal biweekly installments or otherwise in accordance with the Partnership's payroll practices as in effect from time to time. The Employee shall be entitled to such increases in her Base Salary as may be determined from time to time by the SCB Committee, as defined in the Acquisition Agreement (the "**Bernstein Committee**"), subject to the aggregate limitation set forth in Section 9.05(a) of the Acquisition Agreement. Base Salary shall not be reduced after any such increase and the term Base Salary as utilized in this Agreement shall refer to Base Salary as so increased.

(b) *Deferred Compensation*. In addition to her Base Salary, during the Employment Term, the Employee shall participate in the Deferred Compensation Plan specified in Section 9.03 of the Acquisition Agreement (the "**Deferred Compensation Plan**") and shall receive a minimum annual Award (as defined in the Plan) of $3,333,000 (the "**Minimum Award**").

(c) *Expense Reimbursement*. The Partnership shall promptly reimburse the Employee for the ordinary and necessary business expenses incurred by her in the performance of her duties hereunder in accordance with the Partnership's usual policy.

(d) *Other Benefit Plans*. The Employee shall be eligible to participate in employee benefit plans maintained by the Partnership during the Employment Term in accordance with the terms set forth under Section 9.04 of the Acquisition Agreement.

5. *Termination of Employment*.

(a) *Compensation and Benefits*. Except as explicitly provided below in this Section 5, upon termination of the Employee's employment hereunder during the Employment Term, her right to Base Salary and future awards under the Deferred Compensation Plan (and her right to unvested awards under the Deferred Compensation Plan) shall terminate, except that the Employee shall be entitled to receive the pro rata portion of her Base Salary for services rendered to the date of termination. The benefits to which the Employee may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(d) hereof shall be determined upon such termination in accordance with the terms of such plans, policies and arrangements.

(b) *Death and Disability*. The Employee's employment hereunder shall terminate upon her death during the Employment Term, and may be terminated by the Partnership by written notice to the Employee upon the determination by the Board in good faith that she is physically or mentally incapacitated during the Employment Term and has been unable for a period of six consecutive months to perform the duties for which she was responsible immediately before the onset of her incapacity ("**disability**"). In order to assist the Board in making such a determination, the Employee shall, as reasonably requested by the Board, (i) make herself available for medical examinations by one or more physicians chosen by the Board and approved by the Employee, whose approval shall not unreasonably be withheld, and (ii) grant the Board and any such physicians access to all relevant medical information concerning her , arrange to furnish copies of medical records to them and use her best efforts to cause her own physicians to be available to discuss her health with them. In the event of a termination of employment under this Section 5(b), the Employee shall immediately vest on the date of any such termination in the full amount of all awards previously granted and outstanding under the Deferred Compensation Plan and such benefits shall be payable in accordance with the terms of such plan.

(c) *Termination by the Partnership for Cause*. During the Employment Term, the Employee's employment hereunder may be terminated by the Partnership for Cause. For purposes of this Agreement, the term "**Cause**" shall mean (i) the Employee's continuing willful failure to perform her duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness), following at least 30 days' written notice to the

Employee of such failure and an opportunity to cure, (ii) gross negligence or malfeasance in the performance of the Employee's duties hereunder, (iii) the Employee's engaging in any conduct which (A) constitutes an employment disqualification under applicable law (including the Securities Exchange Act of 1934) or a felony under the laws of the United States or any state thereof which is materially and demonstrably injurious to the business or the reputation of the Partnership, or (B) a violation of federal or state securities law by reason of which finding of violation described in this clause (B) 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, reputation, character or standing, (iv) in the absence of a finding by a court or other governmental body with proper jurisdiction that a felony or employment disqualification described in (iii)(A) or a violation described in (iii)(B) has occurred, a determination in good faith by the Board that an act or acts by the Employee constitutes a felony or employment disqualification or violation, or (v) breach of the provisions of Section 6(a), Section 6(b) or Section 6(c) hereof. The benefits to which the Employee may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(d) hereof shall be determined upon such termination in accordance with the terms of such plans, policies and arrangements.

For purposes of this Section 5(c), no act or failure to act, on the part of the Employee, shall be considered "willful" unless it is done, or omitted to be done, by the Employee in bad faith or without reasonable belief that the Employee's action or omission was in the best interests of the Partnership. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Investment Officer or Chief Executive Officer or based upon the advice of counsel for the Partnership shall be conclusively presumed to be done, or omitted to be done, by the Employee in good faith and in the best interests of the Partnership. The cessation of employment of the Employee shall not be deemed to be for Cause unless and until there shall have been delivered to the Employee a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board (excluding the Employee, if applicable) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Employee and the Employee is given an opportunity, together with counsel, to be heard before the Board) specifying the particulars of the conduct described above.

(d) *Termination by the Partnership without Cause*. The Employee's employment hereunder may be terminated by the Partnership (i) other than for Cause or (ii) as provided in Section 5(b) hereof, but in the event that the Employee's employment is terminated in accordance with the foregoing clause (i) of this Section 5(d) during the Employment Term, and notwithstanding any other provision of this Agreement to the contrary, the Employee shall nevertheless receive (A) the Base Salary which would otherwise have been payable to her pursuant to Section 4(a) for the Employment Term, payable in accordance with ordinary payroll practices, to the extent not previously paid, (B) a cash payment equal to the Minimum Award for each annual period of the Employment Term to the extent such Minimum Award has not previously been made for such annual period, payable as of the first date that awards are made under the Deferred Compensation Plan for each such annual period, (C) full vesting and distribution of all Awards, if any, previously made to the Employee under the Deferred Compensation Plan, and (D) any benefits to which the Employee may be entitled in accordance with the terms of the plans, policies and arrangements referred to in Section 4(d) hereof upon or by reason of such termination (but otherwise benefits and other entitlements under such plans, policies and arrangements shall cease upon such termination). To the extent that Employee is eligible to receive severance benefits under any other severance plan, policy or arrangement, such severance benefits shall be reduced by the sum of the amount paid to the Employee under clauses (A) and (B) above.

(e) *Termination by the Employee*. In addition to such other rights as the Employee may have in connection with a breach of this Agreement by the Partnership, the Employee may, during the Employment Term, terminate her employment hereunder for Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean in the absence of a written consent of the Employee:

(A) the assignment to the Employee of any duties inconsistent with the Employee's title and position (including status, offices and reporting requirements), authority, duties or responsibilities as contemplated by Section 3 of this Agreement, or any other action by the Partnership which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated and insubstantial action not taken in bad faith and which is remedied by the Partnership within 45 days after receipt of notice thereof given by the Employee;

(B) any failure by the Partnership to comply with any of the provisions of Section 4 of this Agreement, other than an isolated and insubstantial failure not occurring in bad faith and which is remedied by the Partnership within 45 days after receipt of notice thereof given by the Employee; or

(C) termination of the service of both Lewis A. Sanders and Roger Hertog (the "**Executives**") as members of the Board, in each case as a result of either (i) a termination by the Partnership without "Cause" (within the meaning of Section 5(d) of the Executives' respective Employment Agreements with the Partnership dated as of the date hereof (the "**Employment Agreements**") or (ii) a termination by the Executive for "Good Reason" as defined in Section 5(e)(A), (B) or (C) of the Employment Agreements.

Upon a termination by the Employee for Good Reason, during the Employment Term, the Employee shall receive the payments and benefits she would have received on a termination by the Partnership without Cause as set forth in Section 5(d).

(f) *Certain Payments*. The Partnership shall pay to the Employee an amount which, on an after-tax basis (including federal income and excise taxes, and state and local income taxes) equals the excise tax, if any, imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "**Code**"), upon the Employee by reason of "payments" (as defined in Section 280G of the Code) to the Employee by the Partnership or its affiliates during the Employment Term (other than any such payments arising by reason of the transactions described in the Acquisition Agreement). For purposes of this Section 5(f), the Employee shall be deemed to pay federal, state and local income taxes at the highest marginal rate of taxation for the calendar year in which the gross-up payment is to be made, taking into account the maximum reduction in federal income taxes which could be obtained from deduction of state and local income taxes. Notwithstanding any other provision of this Agreement to the contrary, the provisions of this Section 5(f) shall survive beyond the end of the Employment Term.

6. *Covenants*.

(a) *Confidentiality*. The Employee acknowledges that she has acquired and will acquire confidential information respecting the business of the Partnership. Accordingly, the Employee agrees that she will not willfully disclose, at any time (during the Employment Term or thereafter), any such confidential information to any unauthorized third party without the written consent of the Partnership as authorized by the Board, except as required to respond to a subpoena or other legal proceeding and except to consult with legal or other advisors, provided that such advisors agree to be bound by the provisions of this Section 6(a); *provided*, that in the event the Employee is requested pursuant a subpoena or other legal proceeding to disclose any such confidential information, the Employee shall promptly notify the Partnership of such request and shall fully cooperate with the Partnership in any attempt to contest such request. For this purpose, information shall be considered confidential only if such information is proprietary to the Partnership and has not been made publicly available prior to its disclosure by the Employee.

(b) *Non-Competition*. Through the third anniversary of the Closing Date or, in the event of a termination of employment by the Partnership without Cause or by the Employee for Good Reason, through the date of such termination, the Employee shall not, without the consent of the Board, directly or indirectly, knowingly engage or be interested in (whether as an owner, partner, shareholder, employee, director, officer, agent, consultant or

otherwise), with or without compensation, any business that is in direct or indirect competition with any active or planned business conducted by the Partnership, any successor to the Partnership's business, or any of their affiliates or subsidiaries and in which the Employee participated while she was employed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries prior to the date hereof or during the Employment Term. Nothing in this Section 6(b) shall prohibit the Employee from acquiring or holding, directly or indirectly, any units in the Partnership or not more than five percent of any class of publicly traded securities of any business.

(c) *Non-Solicitation of Employees*. Through the third anniversary of the Closing Date or, in the event of a termination of employment by the Partnership without Cause or by the Employee for Good Reason, through the date of such termination, the Employee shall not directly or indirectly (i) solicit or induce, or cause others to solicit or induce any employees of the Partnership, Alliance Capital Management Holding L.P., or any of their subsidiaries ("**Partnership Employees**") to leave or in any way modify their relationship with the Partnership (except as such actions relate to carrying out the Employee's duties as contemplated under Section 3 hereof), (ii) hire or cause others to hire any of the Partnership Employees or (iii) encourage or assist in the hiring process of any Partnership Employee or in the modification of any such employee's relationship with the Partnership, or cause others to participate, encourage or assist in the hiring process of any Partnership Employee.

(d) *Non-Solicitation of Clients*. Notwithstanding anything to the contrary in Section 6(b) hereof, Section 6(b) shall not be applicable with respect to the Employee if her employment hereunder is terminated by the Partnership other than for Cause or by the Employee for Good Reason, provided that, through the earlier of the third anniversary of the Closing Date and the end of the one year period beginning on the date as of which her employment was so terminated, the Employee shall not, without the consent of the Board, directly or indirectly, in any capacity, with or without compensation, knowingly solicit, represent, or accept business on behalf of herself or any other person or entity from, (i) any clients or accounts as to whom the Employee had any direct involvement in the performance of any investment management or investment advisory services while she was employed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries (during the Employment Term or prior thereto), or (ii) any prospective clients or accounts as to whom the Employee, while so employed, directly participated in the solicitation, or was specifically identified to such prospective clients or accounts as a person who might have direct involvement in the performance, of investment management or investment advisory services proposed to be performed by the Partnership, any successor to the Partnership's business or any of their affiliates or subsidiaries. For purposes of this Section 6(d), "**prospective clients or accounts**" shall be deemed to mean clients or accounts specifically identified in the Partnership's records as such and which have been contacted with a view to becoming clients or accounts of the Partnership either in person or by individualized mail.

(e) *Remedy for Breach and Modification*. The Employee acknowledges that the provisions of this Section 6 are reasonable and necessary for the protection of the Partnership and that the Partnership will be irrevocably damaged if such covenants are not specifically enforced. Accordingly, the Employee agrees that, in addition to any other relief or remedies available to the Partnership, the Partnership shall be entitled to seek and obtain an appropriate injunction or other equitable remedy from a court with proper jurisdiction for the purposes of restraining the Employee from any actual or threatened breach of such covenants, and no bond or security will be required in connection therewith. If any provision of this Section 6 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable.

7. *Indemnification*. For the period beginning with the date that the Employee becomes employed by the Partnership, she is hereby designated an "**Indemnified Person**" within the meaning of Section 6.09 of the Agreement of Limited Partnership of the Partnership as in effect on such date, and such designation shall remain in effect through the latest of the end of the Employment Term, termination of the Employee's employment for any reason, or the running of the relevant statute of limitations; *provided*, that nothing herein shall require indemnification for any conduct occurring after termination of the Employee's employment.

8. *Miscellaneous*.

(a) *Effectiveness*. In the event that the transactions contemplated by the Acquisition Agreement are not consummated, this Agreement shall have no further force and effect.

(b) *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed in that State.

(c) *Notice*. Any notice, consent, request or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by registered or certified mail, return receipt requested, to those listed below at their following respective addresses or at such other address as each may specify by notice to the others:

To the Employee:

At the address for the Employee set forth below

To the Partnership:

Alliance Capital Management Corporation
345 Avenue of the Americas
New York, New York 10105
Attention: David Brewer
Senior Vice President and Secretary

(d) *Entire Agreement; Amendment*. Except with respect to deferred compensation arrangements between the Employee and the Partnership or any of its affiliates or subsidiaries and except as otherwise provided in employee benefit plans and arrangements maintained by the Partnership or any of its affiliates or subsidiaries in which the Employee participates, this Agreement shall supersede any and all existing agreements (other than the Acquisition Agreement) between the Employee and the Partnership or any of its affiliates or subsidiaries relating to the terms of the Employee's employment during the Employment Term. It may not be amended except by a written agreement signed by both parties.

(e) *Waiver*. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(f) *Assignment*. Except as otherwise provided in this paragraph, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by the Employee, and shall be assignable by the Partnership only to any corporation or other entity resulting from the reorganization, merger or consolidation of the Partnership with any other corporation or entity or any corporation or entity to or with which the Partnership's business or substantially all of its business or assets may

be sold, exchanged or transferred, and it must be so assigned by the Partnership to, and accepted as binding upon it by, such other corporation or entity in connection with any such reorganization, merger, consolidation, sale, exchange or transfer (the provisions of this sentence also being applicable to any successive such transaction). If the Partnership is converted into a corporation, all references herein to the "**Board**" shall be deemed to refer to the Board of Directors of the corporation and all references herein to the "**Partnership**" shall be deemed to refer to the corporation, unless the context otherwise requires. Upon such assignment, the corporation shall become solely liable for all obligations of the Partnership to the Employee hereunder for any period on and after the effective date of such conversion.

(g) *Withholding*. The Partnership shall have the right to deduct from all amounts paid to the Employee any taxes required by law to be withheld in respect of payments pursuant to this Agreement.

(h) *Headings*. Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

(i) *Rules of Construction*. Whenever the context so requires, the use of the masculine gender shall be deemed to include the feminine and vice versa, and the use of the singular shall be deemed to include the plural and vice versa.

(j) *Counterparts*. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ALLIANCE CAPITAL MANAGEMENT L.P.

By: ALLIANCE CAPITAL MANAGEMENT CORPORATION, its General Partner

By: /s/ Bruce W. Calvert

Name: Bruce W. Calvert

Title: Vice Chairman and Chief Executive Officer

MARILYN G. FEDAK

/s/ Marilyn G. Fedak

Address: 655 Park Avenue

New York, NY 10021

REVOLVING CREDIT AGREEMENT
Dated as of October 30, 2000

Among

ALLIANCE CAPITAL MANAGEMENT L. P.,
as Borrower

BANK OF AMERICA, N.A.,
as Administrative Agent,

BANC OF AMERICA SECURITIES LLC,
as Arranger,

THE CHASE MANHATTAN BANK,
as Syndication Agent,

DEUTSCHE BANK AG, NEW YORK AND/OR CAYMAN ISLANDS BRANCHES,
as Documentation Agent

BANK OF AMERICA, N.A.
THE CHASE MANHATTAN BANK
and
DEUTSCHE BANK AG, NEW YORK AND/OR CAYMAN ISLANDS BRANCHES,
individually and as Co-Agents,

and

THE BANKS WHOSE NAMES APPEAR
ON THE SIGNATURE PAGES HEREOF

TABLE OF CONTENTS

Schedules

Exhibits

Exhibit E - Form of Conversion Request
Exhibit F - Form of Confirmation of Conversion Request
Exhibit G - Letter of Credit Application
Exhibit H - Form of Compliance Certificate
Exhibit I - Opinion Letter
Exhibit J - Form of Assignment and Acceptance

REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT, dated as of October 30, 2000 (this "Credit Agreement"), by and among ALLIANCE CAPITAL MANAGEMENT L.P., a Delaware limited partnership (together with its permitted successors, the "Borrower"), and the lending institutions listed on Schedule 1 (collectively, the "Banks"), and BANK OF AMERICA, N.A., THE CHASE MANHATTAN BANK and DEUTSCHE BANK AG, NEW YORK AND/OR CAYMAN ISLANDS BRANCHES, as co-agents for the Banks (as defined hereinbelow) (in such capacity, the "Co-Agents"), BANK OF AMERICA, N.A., as administrative agent for the Banks (in such capacity, the "Administrative Agent"), THE CHASE MANHATTAN BANK, as syndication agent (in such capacity, the "Syndication Agent"), and DEUTSCHE BANK AG, NEW YORK AND/OR CAYMAN ISLANDS BRANCHES, as documentation agent for the Banks (in such capacity, the "Documentation Agent");

W I T N E S S E T H:

WHEREAS, the Borrower desires to obtain from the Banks certain credit facilities as described in this Credit Agreement for working capital and for other purposes as provided below;

WHEREAS, the Banks are willing to provide such credit facilities to the Borrower upon the terms and conditions set forth in this Credit Agreement; and

WHEREAS, the Co-Agents are willing to act as co-agents, and the Administrative Agent is willing to act as administrative agent, for the Banks in connection with such credit facilities as provided in this Credit Agreement;

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth hereinbelow, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties hereto do hereby agree as follows:

1. DEFINITIONS AND RULES OF INTERPRETATION.

1.1 Definitions . The following terms shall have the meanings set forth in this Section 1.1 or elsewhere in the provisions of this Credit Agreement referred to below:

Acquisition. As defined in Section 8.3.

Administrative Agent. Bank of America, acting as administrative agent for the Banks.

Administrative Agent's Head Office. The Administrative Agent's head office located at 101 North Tryon Street, Charlotte, North Carolina 28255, or at such other location as the Administrative Agent may designate in a written notice to the other parties hereto from time to time.

Administrative Agent's Overnight Investment Rate. The annual rate of interest in effect from time to time that is equal to the interest rate received by the Administrative Agent from time to time with respect to funds invested in overnight repurchase agreements.

Affiliate. As defined under Rule 144 (a) under the Securities Act of 1933, as amended, but not including any Restricted Subsidiary or any investment fund which is managed or advised by the Borrower.

Alliance Distributors. Alliance Fund Distributors, Inc., a Delaware corporation.

Applicable Margin. An annual percentage rate determined by the Administrative Agent, as of any date of determination, in accordance with the Borrower's S&P Rating and Moody's Rating in effect as of any date of determination as follows:

Borrower's S&P Rating/Moody's Rating	Applicable Margin
A-1+/P-1	0.170%
A-1/P-1	0.210%
A-1/P-2 or A-2/P-1	0.225%
A-2/P-2	0.350%
Less than A-2/P-2	0.550%

Notwithstanding the foregoing, if the Borrower loses both its Moody's Rating and its S&P Rating at any time, the Applicable Margin shall be 0.550%, in any such case subject, as applicable, to the provisions of Section 5.10 hereof. If, subsequent to losing such ratings, the Borrower is able to again obtain such ratings, the above table shall, from and after the date of such occurrence (until such time, if any, that the Borrower again loses such ratings), govern the Applicable Margin.

Assignment and Acceptance. As defined in Section 18.1.

Assumption Agreement. An Assumption Agreement in the form of Exhibit A hereto with appropriate completions and insertions and with such non–substantive changes as may be required to reflect the specific nature of the transaction giving rise to the execution and delivery of such Assumption Agreement.

AXA Group. AXA, a societe anonyme organized under the laws of France, and its Subsidiaries.

Bank of America. Bank of America, N.A., a national banking association.

Banks. Bank of America, N.A., The Chase Manhattan Bank and Deutsche Bank AG, New York and/or Cayman Islands Branches, as listed on Schedule 1 hereto and any other Person who becomes an assignee of any rights and obligations of a Bank pursuant to Section 18.1.

Borrower. As defined in the preamble hereto.

Borrower Partnership Agreement. The Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of October 29, 1999, by and among the General Partner and those other Persons who became partners of the Borrower as provided therein, as such agreement has been amended and exists at the date of this Credit Agreement and may be amended or modified from time to time in compliance with the provisions of this Credit Agreement.

Business. With respect to any Person, the assets, properties, business, operations and condition (financial and otherwise) of such Person.

Business Day. Any day on which banking institutions in Charlotte, North Carolina and New York, New York, are open for the transaction of banking business and, in the case of LIBOR Loans, also a day which is a LIBOR Business Day.

Capital Assets. Fixed assets, both tangible (such as land, buildings, fixtures, machinery and equipment) and intangible (such as Permits, deferred sales commissions and good will); provided that Capital Assets shall not include any item customarily charged directly to expense or depreciated over a useful life of twelve (12) months or less in accordance with GAAP.

Capital Expenditures. Amounts paid or indebtedness incurred by the Borrower or any of its Consolidated Subsidiaries in connection with the purchase or lease by the Borrower or any of such Subsidiaries of Capital Assets that would be required to be capitalized and shown on the balance sheet of such Person in accordance with GAAP.

Capitalized Leases. Leases under which the Borrower or any of its Consolidated Subsidiaries is the lessee or obligor, the discounted future rental payment obligations under which are required to be capitalized on the balance sheet of the lessee or obligor in accordance with GAAP.

CERCLA. As defined in Section 6.17.

Change of Control. Each and every (a) issue, sale, or other disposition of Voting Equity Securities of the Borrower that results in any Person or group of Persons acting in concert (other than any of AXA Financial, Inc. and its Subsidiaries, and any member of the AXA Group) beneficially owning or controlling, directly or indirectly, more than eighty percent (80%) (by number of votes) of the Voting Equity Securities of the Borrower or (b) issue, sale, or other disposition of Voting Equity Securities of the General Partner which results in any Person or group of Persons acting in concert (other than any of AXA Financial, Inc. and its Subsidiaries, and any member of the AXA Group) beneficially owning or controlling, directly or indirectly, more than fifty percent (50%) (by number of votes) of the Voting Equity Securities of the General Partner.

Change of Control Date. Any date upon which a Change of Control occurs.

Closing Date. The date, not later than November 20, 2000, on which each of the conditions set forth in Section 10 is satisfied or waived.

Co-Agents. Bank of America, The Chase Manhattan Bank and Deutsche Bank AG, New York and/or Cayman Islands Branches, acting as co-agents for the Banks.

Co-Agents Head Office. In the case of Bank of America, 101 Tryon Street, Charlotte, North Carolina 28225, in the case of The Chase Manhattan Bank, 270 Park Avenue, 36th Floor, New York, New York 10017, and in the case of Deutsche Bank AG, New York and/or Cayman Islands Branches, 31 West 52nd Street, New York, New York 10019, or at such other location as any Co-Agent may designate in a written notice to the other parties hereto from time to time.

Code. The Internal Revenue Code of 1986, as amended.

Commitment. With respect to each Bank, the amount set forth on Schedule 1 hereto as the amount of such Bank's obligation to make Loans to the Borrower and to participate in the issuance, extension, and renewal of Letters of Credit for the account of the Borrower, as the same may be reduced from time to time; or if such commitment is terminated pursuant to the provisions hereof, zero.

Commitment Percentage. With respect to each Bank, the percentage set forth on Schedule 1 hereto as such Bank's percentage of the aggregate Commitments of all of the Banks.

Consolidated or consolidated. With reference to any term defined herein, shall mean that term as applied to the accounts of the Borrower and the Consolidated Subsidiaries, consolidated in accordance with GAAP.

Consolidated Adjusted Cash Flow. As defined in Section 9.1.

Consolidated Adjusted Funded Debt. As defined in Section 9.1.

Consolidated Net Income (or Loss). The consolidated net income (or loss) of the Borrower, determined in accordance with GAAP, but excluding in any event:

(a) to the extent provided by Section 8.8, any portion of the net earnings of any Restricted Subsidiary that, by virtue of a restriction or Lien binding on such Restricted Subsidiary under a Contract or Government Mandate, is unavailable for payment of dividends to the Borrower or any other Restricted Subsidiary;

(b) earnings resulting from any reappraisal, revaluation, or write-up of assets; and

(c) any reversal of any contingency reserve, except to the extent that such provision for such contingency reserve shall have been made from income arising during the period subsequent to December 31, 1999, through the end of the period for which Consolidated Net Income (or Loss) is then being determined, taken as one accounting period.

Consolidated Net Worth. The excess of Consolidated Total Assets over Consolidated Total Liabilities, less, to the extent otherwise includable in the computations of Consolidated Net Worth, any subscriptions receivable with respect to Equity Securities of the Borrower or its Consolidated Subsidiaries (with such adjustments as may be appropriate so as not to double count intercompany items).

Consolidated Subsidiaries. At any point in time, the Subsidiaries of the Borrower that are consolidated with the Borrower for financial reporting purposes with respect to the fiscal period of the Borrower in which such point in time occurs.

Consolidated Total Assets. All assets of the Borrower determined on a consolidated basis in accordance with GAAP.

Consolidated Total Liabilities. All liabilities of the Borrower determined on a consolidated basis in accordance with GAAP.

Contracts. Contracts, agreements, mortgages, leases, bonds, promissory notes, debentures, guaranties, Capitalized Leases, indentures, pledges, powers of attorney, proxies, trusts, franchises, or other instruments or obligations.

Conversion Request. A notice given by the Borrower to the Administrative Agent of the Borrower's election to convert or continue a Loan in accordance with Section 2.9.

Credit Agreement. This Revolving Credit Agreement, including the Schedules and Exhibits hereto.

Default. As defined in Section 12.

Distribution. With respect to any Entity, the declaration or payment (without duplication) of any dividend or distribution on or in respect of any Equity Securities of such Entity, other than dividends payable solely in Equity Securities of such Entity that are not required to be classified as liabilities on the balance sheet of such Entity under GAAP; the purchase, redemption, or other retirement of any Equity Securities of such Entity, directly or indirectly through a Subsidiary of such Entity or otherwise; or the return of capital by such Entity to the holders of its Equity Securities as such.

Documentation Agent. Deutsche Bank AG, New York and/or Cayman Islands Branches, acting as documentation agent.

Dollars or $. Dollars in lawful currency of the United States of America.

Domestic Lending Office. Initially, the office of each Bank designated as such in Schedule 1 hereto; thereafter, such other office of such Bank, if any, located within the United States that will be making or maintaining Federal Funds Rate Loans.

Drawdown Date. The date on which any Loan is made or is to be made, and the date on which any Loan is converted or continued in accordance with Section 2.9.

EBITDA. The Consolidated Net Income (or Loss) for any period, plus provision for any income taxes, interest (whether paid or accrued, but without duplication of interest accrued for previous periods), depreciation, or amortization for such period, in each case to the extent deducted in determining such Consolidated Net Income (or Loss).

Eligible Assignee. Any of (a) a commercial bank or finance company organized under the laws of the United States, any State thereof, or the District of Columbia, and having total assets in excess of One Billion Dollars ($1,000,000,000); (b) a commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and having total assets in excess of One Billion Dollars ($1,000,000,000), provided that such bank is acting through a branch or agency located in the country in which it is organized or another country which is also a member of the OECD; and (c) the central bank of any country which is a member of the OECD.

Employee Benefit Plan. Any employee benefit plan within the meaning of §3(2) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate, other than a Multiemployer Plan.

Entity. Any corporation, partnership, trust, unincorporated association, joint venture, limited liability company, or other legal or business entity.

Environmental Laws. As defined in Section 6.17(a).

Equity Securities. With respect to any Entity, all equity securities of such Entity, including any (a) common or preferred stock, (b) limited or general partnership interests, (c) limited liability company member interests, (d) options, warrants, or other rights to purchase or acquire any equity security, or (e) securities convertible into any equity security.

ERISA. The Employee Retirement Income Security Act of 1974, as amended.

ERISA Affiliate. Any Person that is treated as a single employer together with the Borrower under §414 of the Code.

ERISA Reportable Event. A reportable event with respect to a Guaranteed Pension Plan within the meaning of §4043 of ERISA and the regulations promulgated thereunder as to which the requirement of notice has not been waived.

Event of Default. As defined in Section 12.

Federal Funds Rate. A simple interest rate equal to the sum of the Federal Funds Rate Basis plus the Applicable Margin. The Federal Funds Rate shall be adjusted automatically as of the opening of business of the effective date of each change in the Federal Funds Rate Basis to account for such change.

Federal Funds Rate Basis. For any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three funds brokers of recognized standing selected by the Administrative Agent.

Federal Funds Rate Loan. A Loan which bears interest at the Federal Funds Rate.

Fully Effective. With respect to any Contract, that (a) such Contract is the legal, valid, and binding obligation of the Borrower or its Subsidiary, as the case may be, enforceable against such party according to its terms, and (b) if such Contract exists on or before the date of this Credit Agreement, such Contract shall remain in full force and effect notwithstanding the execution and delivery of the Loan Documents and the consummation of the transactions contemplated by the Loan Documents.

Funded Debt. With respect to the Borrower or any Consolidated Subsidiary, (a) all indebtedness for money borrowed of such Person, (b) every obligation of such Person in respect of Capitalized Leases, (c) all reimbursement obligations of such Person with respect to letters of credit, bankers' acceptances, or similar facilities issued for the account of such Person, (d) Indebtedness that constitutes Funded Debt as provided in Section 8.1(d), and (e) all guarantees, endorsements, acceptances, and other contingent obligations of such Person, whether direct or indirect, in respect of indebtedness for borrowed money of others, including any obligation to supply funds to or in any manner to invest in, directly or indirectly, the debtor, to purchase indebtedness for borrowed money, or to assure the owner of indebtedness for borrowed money against loss, through an agreement to purchase goods, supplies, or services for the purpose of enabling the debtor to make payment of the indebtedness held by such owner or otherwise, provided, however, that each guaranty of Indebtedness of, keepwell obligation for, or obligation to make funds available for, any Consolidated Subsidiary that acts as general partner

of one or more partnerships sponsored or established by the Borrower or any of its Subsidiaries shall constitute Funded Debt from and after such time as such guaranty, keepwell, or other obligation is no longer contingent, whereupon such guaranty, keepwell, or other obligation will constitute Funded Debt in an amount equal to the liability of such Person in respect of such guaranty, keepwell, or other obligation to the extent such guaranty, keepwell or other obligation is non–contingent.

General Partner. (a) Alliance Capital Management Corporation, a Delaware corporation, in its capacity as general partner of the Borrower and (b) any other Persons who satisfy the requirements for admitting general partners without causing a Default or an Event of Default as set forth in Section 12.1(n) and who are so admitted, each in its capacity as a general partner of the Borrower, and their respective successors.

GAAP. Subject to Section 7.13, (a) when used in Section 9, whether directly or indirectly through reference to a capitalized term used therein, means (i) principles that are consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, in effect for the fiscal year ended on December 31, 1999, and (ii) to the extent consistent with such principles, the accounting practices of the Borrower reflected in its consolidated financial statements for the year ended on December 31, 1999, and (b) when used in general, other than as provided above, means principles that are (i) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, as in effect from time to time and (ii) consistently applied with past financial statements of the Borrower adopting the same principles, provided that in each case referred to in this definition of "GAAP" a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in GAAP) as to financial statements in which such principles have been properly applied.

Government Authority. The United States of America or any state, district, territory, or possession thereof, any local government within the United States of America or any of its territories and possessions, any foreign government having appropriate jurisdiction or any province, territory, or possession thereof, or any court, tribunal, administrative or regulatory agency, taxing or revenue authority, central bank or banking regulatory agency, commission, or body of any of the foregoing.

Government Mandate. With respect to (a) any Person, any statute, law, rule, regulation, code, or ordinance duly adopted by any Government Authority, any treaty or compact between two (2) or more Government Authorities, and any judgment, order, decree, ruling, finding, determination, or injunction of any Government Authority, in each such case that is, pursuant to appropriate jurisdiction, legally binding on such Person, any of its Subsidiaries or any of their respective properties, and (b) the Administrative Agent, any Co-Agent or any Bank, in addition to subsection (a) hereof, any policy, guideline, directive, or standard duly adopted by any Government Authority with respect to the regulation of banks, monetary policy, lending, investments, or other financial matters.

Guaranteed Pension Plan. Any employee pension benefit plan within the meaning of §3(2) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate the benefits of which are guaranteed on termination in full or in part by the PBGC pursuant to Title IV of ERISA, other than a -Multiemployer Plan.

Hazardous Substances. As defined in Section 6.17(b).

Indebtedness. All obligations, contingent and otherwise, that in accordance with GAAP should be classified upon the obligor's balance sheet as liabilities, or to which reference should be made by footnotes thereto in accordance with GAAP, including: (a) all debt and similar monetary obligations, whether direct or indirect; (b) all liabilities secured by any Lien existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; (c) all obligations in respect of hedging contracts, including, without limitation, interest rate and currency swaps, caps, collars and other financial derivative products; and (d) all guarantees, endorsements, and other contingent obligations whether direct or indirect in respect of indebtedness of others, including any obligation to supply funds to or in any manner to invest in, directly or indirectly, the debtor, to purchase indebtedness, or to assure the owner of indebtedness against loss, through an agreement to purchase goods, supplies, or services for the purpose of enabling the debtor to make payment of the indebtedness held by such owner or otherwise, and the obligations to reimburse the issuer in respect of any letters of credit.

Interest Payment Date. (a) As to any Federal Funds Rate Loan, the last day of each calendar quarter during all or a portion of which such Federal Funds Rate Loan is outstanding and the maturity of such Federal Funds Rate Loan; (b) as to any LIBOR Loan, the last day of each Interest Period with respect to such LIBOR Loan, the maturity of such LIBOR Loan, and, if the Interest Period of such LIBOR Loan is longer than three (3) months, the date that is three (3) months from the first day of such Interest Period and the last day of each successive three (3) month period during such Interest Period.

Interest Period. With respect to any LIBOR Loan, (a) initially, the period commencing on the Drawdown Date of such Loan and ending on the last day of, as selected by the Borrower in a Loan Request, one (1), two (2), or three (3) weeks, or one (1), two (2), three (3), four (4), five (5), or six (6) months, if available in readily ascertainable markets; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Loan and ending on the last day of one of the periods set forth above, as selected by the Borrower in a Conversion Request; provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period for a LIBOR Loan would otherwise end on a day that is not a LIBOR Business Day, that Interest Period shall be extended to the next succeeding LIBOR Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding LIBOR Business Day; and

(ii) any Interest Period commencing prior to the Maturity Date that would otherwise extend beyond the Maturity Date shall end on the Maturity Date.

Investments. All expenditures made and all liabilities incurred (contingently or otherwise) for the acquisition of Equity Securities or Funded Debt of, or for loans, advances, or capital contributions, or in respect of any guaranties (or other commitments as described under Indebtedness) of, any Person. In determining the aggregate amount of Investments outstanding at any particular time: (a) the amount of any Investment represented by a guaranty shall be taken at not less than the principal amount of the obligations guaranteed and still outstanding and the amount of Indebtedness represented by a keepwell obligation shall be taken at not less than the maximum amount of the keepwell obligation, as the case may be; (b) there shall be deducted in respect of each such Investment any amount received as a return of capital; (c) there shall not be deducted in respect of any Investment any amounts received as earnings on such Investment, whether as dividends, interest, or otherwise; and (d) there shall not be added to or deducted from the aggregate amount of Investments any increase or decrease in the value thereof. For purposes of determining the amount of Investments by the Borrower and the Consolidated Subsidiaries outstanding at any time, investments (defined as aforesaid) by an Unrestricted Subsidiary in an Entity that is not a Subsidiary of the Borrower shall not be counted as Investments hereunder to the extent that they do not exceed the aggregate amount of Investments by the Borrower and the Consolidated Subsidiaries in such Unrestricted Subsidiary.

Letter of Credit. As defined in Section 4.1.1.

Letter of Credit Application. As defined in Section 4.1.1.

Letter of Credit Commitment. As defined in Section 4.1.1.

Letter of Credit Fee. As defined in Section 4.6.

Letter of Credit Participation. As defined in Section 4.1.1.

LIBOR Business Day. Any day on which commercial banks are open for international business (including dealings in Dollar deposits) in London, England.

LIBOR Lending Office. Initially, the office of each Bank designated as such in Schedule 1 hereto; thereafter, such other office of such Bank, if any, that shall be making or maintaining LIBOR Loans.

LIBOR Loan. A Loan which bears interest at the LIBOR Rate.

LIBOR Rate. A simple per annum interest rate equal to the sum of (a) the quotient of (i) the LIBOR Rate Basis divided by (ii) one minus the LIBOR Reserve Percentage, stated as a decimal, plus (b) the Applicable Margin. The LIBOR Rate shall be rounded upward to four decimal places and shall apply to the applicable Interest Period, and, once determined, shall be subject to the provisions of this Credit Agreement and shall remain unchanged during the applicable Interest Period, except for changes to reflect adjustments in the LIBOR Reserve Percentage.

LIBOR Rate Basis. For any Interest Period, the interest rate per annum equal to the offered rate for deposits in United States dollars (rounded to four decimal places) in amounts comparable to the principal amount of, and for a length of time comparable to and commencing on the first day of the Interest Period for, the LIBOR Loan to be made by the Banks, which interest rate appears on Telerate Page 3750 as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period; provided, however, that (i) if more than one such offered rate appears on Telerate Page 3750, the LIBOR Rate Basis shall be the arithmetic average (rounded to four decimal places) of such offered rates, or (ii) if no such offered rates appear on such page, the LIBOR Rate Basis shall be the interest rate per annum (rounded to four decimal places) at which United States dollar deposits are offered to the Administrative Agent in the London interbank borrowing market at approximately 9:00 a.m. (Charlotte, North Carolina time) on the date two (2) Business Days prior to the first day of such Interest Period in an amount comparable to and commencing on the first day of the principal amount of, and for a length of time comparable to the Interest Period for, the LIBOR Loan to be made by the Banks.

LIBOR Reserve Percentage. The percentage which is in effect from time to time under Regulation D of the Board of Governors of the Federal Reserve System, as such regulation may be amended from time to time, as the actual reserve requirement applicable with respect to Eurocurrency Liabilities (as that term is defined in Regulation D), to the extent that any Lender has any Eurocurrency Liabilities subject to such reserve requirement at that time. The LIBOR Rate for any LIBOR Loan shall be adjusted as of the effective date of any change in the LIBOR Reserve Percentage.

Lien. Any lien, mortgage, security interest, pledge, charge, beneficial or equitable interest or right, hypothecation, collateral assignment, easement, or other encumbrance.

Loan Documents. This Credit Agreement, the Notes, the Letter of Credit Applications, the Letters of Credit, any Assumption Agreements and any instrument or document designated by the parties thereto as a "Loan Document" for purposes hereof.

Loan Request. As defined in Section 2.7.

Loans. Revolving credit loans made or to be made by the Banks to the Borrower pursuant to Section 2.

Majority Banks. The Banks whose aggregate Commitments constitute at least sixty-six and two thirds percent (66-2/3%) of the Total Commitment.

Mandatory Borrowing. As defined in Section 2.12.

Material Effect. A material adverse effect on (a) the ability of the Borrower or any Other Obligor to enter into and to perform and observe its Obligations under the Loan Documents, or (b) the Business of the Borrower and its Consolidated Subsidiaries taken as a whole.

Material Subsidiary. Any Subsidiary of the Borrower, any Other Obligor, or Alliance Distributors that, singly or together with any other such Subsidiaries then subject to one or more of the conditions described in Section 12.1(h), Section 12.1(i), or Section 12.1(m), either (a) at the date of determination owns Significant Assets, or (b) has total assets as of the date of determination equal to not less than five percent (5%) of the Consolidated Total Assets of the Borrower as set forth in the consolidated balance sheet of the Borrower included in the most recent available annual or quarterly report of the Borrower.

Maturity Date. October 30, 2002.

Maximum Drawing Amount. The maximum aggregate amount from time to time that the beneficiaries may draw under outstanding Letters of Credit, as such aggregate amount may be reduced from time to time pursuant to the terms of the Letters of Credit.

Moody's Rating. With respect to any Entity which is the issuer or obligor with respect to commercial paper, the rating assigned to such entity by Moody's Investors Service, Inc. from time to time in effect.

Multiemployer Plan. Any multiemployer plan within the meaning of §3(37) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate.

1940 Act. The Investment Company Act of 1940, as amended.

Notes. The Notes of the Borrower to the Banks in respect of the Borrower's Obligations under this Credit Agreement of even date herewith, substantially in the form of Exhibit B, as amended, modified and renewed from time to time.

Obligations. All indebtedness, obligations, and liabilities of any of the Borrower, its Subsidiaries, and Other Obligors to any of the Banks, any Co-Agent and the Administrative Agent, individually or collectively, existing on the date of this Credit Agreement or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising or incurred under this Credit Agreement or any of the other Loan Documents or in respect of any of the Loans made or Reimbursement Obligations incurred or any of the Notes, Letter of Credit Applications, Letters of Credit or other instruments at any time evidencing any thereof.

Other Obligor. As defined in the Assumption Agreements.

Outstanding. With respect to the Loans, the aggregate unpaid principal thereof as of any date of determination.

PBGC. The Pension Benefit Guaranty Corporation created by §4002 of ERISA and any successor entity or entities having similar responsibilities.

Permits. Permits, licenses, franchises, patents, copyrights, trademarks, trade names, approvals, clearances, and applications for or rights in respect of the foregoing of any Government Authority.

Permitted Acquisitions. Acquisitions permitted under clauses (a) through (f) of Section 8.3.

Permitted Liens. Liens permitted by Section 8.4.

Person. Any individual, Entity, or Government Authority.

Proceedings. Any (a) actions at law, (b) suits in equity, (c) bankruptcy, insolvency, receivership, dissolution, or reorganization cases or proceedings, (d) administrative or regulatory hearings or other proceedings, (e) arbitration and mediation proceedings, (f) criminal prosecutions, (g) judgment levies, foreclosure proceedings, pre-judgment security procedures, or other enforcement actions, and (h) other litigation, actions, suits, and proceedings conducted by, before, or on behalf of any Government Authority.

Readily Marketable Securities. Equity Securities or Indebtedness for which an established public or private trading market exists, such that they may reasonably be expected to be liquidated within five (5) Business Days.

Real Estate. All real property at any time owned or leased (as lessee or sublessee) by the Borrower or any of its Subsidiaries.

Record. The grid attached to a Note, or the continuation of such grid, or any other similar record, including computer records, maintained by any Bank with respect to any Loan referred to in such Note.

Reimbursement Obligation. The Borrower's obligation to reimburse the Co-Agents and the Banks on account of any drawing under any Letter of Credit as provided in Section 4.2.

Reorganization and Reorganize. As defined in Section 8.2.

Restricted Subsidiary. Each (a) Subsidiary of the Borrower designated as a "Restricted Subsidiary" on Schedule 6.18 (and by such designation the Borrower represents and warrants to the Administrative Agent, the Co-Agents and the Banks that such Subsidiary meets the qualifications of a Restricted Subsidiary as specified in this definition), and (b) other Subsidiary of the Borrower that the principal financial or accounting officer or treasurer of the Borrower may after the date of this Credit Agreement certify to the Administrative Agent, the Co-Agents and the Banks meets the qualifications of a Restricted Subsidiary as specified in this definition (and at the time of any such certification the Borrower shall provide the Administrative Agent and the Banks with a current list of all Restricted Subsidiaries). The qualifications of a Restricted Subsidiary are as follows: (a) at least fifty-one percent (51%) of the issued and outstanding Equity Securities of a Restricted Subsidiary shall be owned of record and beneficially by the Borrower or one or more other Restricted Subsidiaries free of Liens other than Permitted Liens, and (b) no Restricted Subsidiary shall be a general partner of any partnership, be a party to any joint venture in respect of which liability is not limited to the amount of such Restricted Subsidiary's capital contribution or other equity investment, or have any contingent obligations established by Contract in respect of Funded Debt that are not by their terms limited to a specific dollar amount; provided, however, that, notwithstanding the foregoing, a Restricted Subsidiary may be a general partner in a partnership which is wholly owned by the Borrower or one or more other Restricted Subsidiaries.

Significant Assets. At the date of any sale, transfer, assignment, or other disposition of assets of the Borrower or any of its Subsidiaries (or as of the date of any Default or Event of Default), assets of the Borrower or any of its Subsidiaries (including Equity Securities of Subsidiaries of the Borrower) which generated thirty-three and one-third percent (33 1/3%) or more of the consolidated revenues of the Borrower during the four (4) fiscal quarters of the Borrower most recently ended (the "Measuring Period"), provided that assets of the Borrower or any of its Subsidiaries (including Equity Securities of Subsidiaries of the Borrower) which do not meet the definition of Significant Assets in the first part of this sentence shall nonetheless be deemed to be Significant Assets if such assets generated revenues for the Measuring Period that if subtracted from the consolidated revenues of the Borrower for the Measuring Period would result in consolidated revenues of the Borrower for the Measuring Period of less than $400,000,000.

S&P Rating. With respect to any Entity which is the issuer or obligor with respect to commercial paper, the rating assigned to such entity by Standard & Poor's Ratings Group from time to time in effect.

Subsidiary. Any Entity of which the designated parent shall at any time own directly or indirectly through a Subsidiary or Subsidiaries at least a majority (by number of votes) of the outstanding Voting Equity Securities.

Syndication Agent. The Chase Manhattan Bank, acting as syndication agent.

Total Commitment. The sum of the Commitments of the Banks, as in effect from time to time. As of the Closing Date the Total Commitment is $250,000,000.

12b-1 Fees. All or any portion of (a) the compensation or fees paid, payable, or expected to be payable to the Borrower or any of its Subsidiaries for acting as the distributor of securities as permitted under Rule 12b-l under the 1940 Act, (b) the contingent deferred sales charges or redemption fees paid, payable, or expected to be paid to the Borrower or any of its Subsidiaries, and (c) any right, title, or interest in or to any such compensation or fees.

Type. As to any Loan, its nature as a Federal Funds Rate Loan or LIBOR Loan, as the case may be.

Uniform Customs. With respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, or any successor version thereof adopted by any of the Co-Agents in the ordinary course of its business as a letter of credit issuer, upon notice to the Borrower, and in effect at the time of issuance of such Letter of Credit.

Units. Units representing assignments of beneficial ownership of limited partnership interests in the Borrower.

Unpaid Reimbursement Obligation. Any Reimbursement Obligation for which the Borrower does not reimburse the Co-Agents and the Banks on the date specified in, and in accordance with, Section 4.2 and that is not covered by a Loan as provided in Section 2.8.

Unrestricted Subsidiary. A Subsidiary that is not a Restricted Subsidiary.

Voting Equity Securities. Equity Securities of any class or classes (however designated), the holders of which are at the time entitled, as such holders, to vote for the election of a majority of the directors (or persons performing similar functions) of the Entity that issued such Equity Securities.

1.2 Rules of Interpretation.

(a) A reference to any Contract or other document shall include such Contract or other document as amended, modified, or supplemented from time to time in accordance with its terms and the terms of this Credit Agreement.

(b) The singular includes the plural and the plural includes the singular.

(c) A reference to any Government Mandate includes any amendment or modification to such Government Mandate or any successor Government Mandate.

(d) A reference to any Person includes its permitted successors and permitted assigns. Without limiting the generality of the foregoing, a reference to any Bank shall include any Person that succeeds generally to its assets and liabilities.

(e) Accounting terms not otherwise defined herein have the meanings assigned to them by GAAP.

(f) The words "include", "includes", and "including" are not limiting.

(g) All terms not specifically defined herein or by GAAP, which terms are defined in the Uniform Commercial Code as in effect in The State of New York, have the meanings assigned to them therein.

(h) Reference to a particular "§", Section, Schedule, or Exhibit refers to that Section, Schedule, or Exhibit of this Credit Agreement unless otherwise indicated.

(i) The words "herein", "hereof", and "hereunder" and words of like import shall refer to this Credit Agreement as a whole and not to any particular section or subdivision of this Credit Agreement.

2. THE REVOLVING CREDIT FACILITY

2.1 Commitment to Lend

(a) Subject to the terms and conditions set forth in Section 11 hereof, each of the Banks severally shall lend to the Borrower, and the Borrower may borrow, repay, and reborrow from time to time between the Closing Date and the Maturity Date upon notice by the Borrower to the Administrative Agent given in accordance with Section 2.7, such sums as are requested by the Borrower up to a maximum aggregate principal amount outstanding (after giving effect to all amounts requested) at any one time equal to such Bank's Commitment minus an amount equal to such Bank's Commitment Percentage multiplied by the sum of the Maximum Drawing Amount and all Unpaid Reimbursement Obligations, provided that the sum of (i) the outstanding amount of the Loans (after giving effect to all amounts requested) plus (ii) the Maximum Drawing Amount plus (iii) all Unpaid Reimbursement Obligations shall not at any time exceed the Total Commitment. The Loans shall be made pro rata in accordance with each Bank's Commitment Percentage; provided that the failure of any Bank to lend in accordance with this Credit Agreement shall not release any other Bank or the Administrative Agent from their obligations hereunder, nor shall any Bank have any responsibility or liability in respect of a failure of any other Bank to lend in accordance with this Credit Agreement. Each request for a Loan and each borrowing hereunder shall constitute a representation and warranty by the Borrower that the conditions set forth in Section 11 have been satisfied on the date of such request.

(b) In the event that, at any time when the conditions precedent for any Loan have been satisfied, a Bank or the Administrative Agent, as the case may be, fails or refuses to fund its portion of such Loan, then, until such time as such Bank or the Administrative Agent, as the case may be, has funded its portion of such Loan, or all of the other Banks and/or the Administrative Agent, as the case may be, have received payment in full of the principal and interest due in respect of such Loan, such non-funding Bank or Administrative Agent, as the case may be, shall not have the right to receive payment of any principal, interest or fees from the Borrower in respect of its Loans.

2.2 Facility Fee. The Borrower shall pay to the Administrative Agent for the accounts of the Banks in accordance with their respective Commitment Percentages a facility fee on the daily average amount of the Total Commitment as of the most recently completed calendar quarter calculated at the rate per annum, on the basis of a 360-day year for the actual number of days elapsed, as determined in accordance with the chart below with respect to the Borrower's commercial paper rating as of the last Business Day of each calendar quarter. The facility fee shall be payable quarterly in arrears on the first Business Day of each calendar quarter for the immediately preceding calendar quarter commencing on the first such date following the date hereof, with a final payment on the Maturity Date or any earlier date on which the Total Commitment shall terminate. In no case shall any portion of the facility fee be refundable.

The facility fee shall be calculated based upon the Borrower's S&P Rating and Moody's Rating in effect as of any date of determination as follows:

Borrower's S&P Rating/Moody's Rating	Facility Fee
A-1+/P-1	0.080%
A-1/P-1	0.090%
A-1/P-2 or A-2/P-1	0.125%
A-2/P-2	0.150%
Less than A-2/P-2	0.200%

Notwithstanding the foregoing, if the Borrower loses both its Moody's Rating, and its S&P Rating at any time, the facility fee shall be 0.200%. If, subsequent to losing such ratings, the Borrower is able to again obtain such ratings, the above table shall, from and after the date of such occurrence (until such time, if any, that the Borrower again loses such ratings), govern the facility fee.

2.3 Utilization Fee. For any calendar quarter in which the sum of (i) the average aggregate daily outstanding balance of the Loans plus (ii) the average aggregate Maximum Drawing Amount of all Letters of Credit outstanding plus (iii) the average aggregate daily outstanding balance of Unpaid Reimbursement Obligations (to the extent not included under (i) or (ii)) is greater than 33 1/3% but less than 66 2/3% of the daily average amount of the Total Commitment for such quarter, the Borrower shall pay to the Administrative Agent for the accounts of the Banks in accordance with their respective Commitment Percentages, a utilization fee calculated at a rate per annum equal to 0.100% of the sum of (i) the average aggregate outstanding amount of the Loans during such calendar quarter plus (ii) the average aggregate Maximum Drawing Amount of all Letters of Credit outstanding during such quarter plus (iii) the average aggregate daily outstanding balance of Unpaid Reimbursement Obligations during such quarter (to the extent not included under (i) or (ii)). For any calendar quarter in which the sum of (i) the average aggregate daily outstanding balance of the Loans plus (ii) the average aggregate Maximum Drawing Amount of all Letters of Credit outstanding plus (iii) the average aggregate daily outstanding balance of Unpaid Reimbursement Obligations (to the extent not included under (i) or (ii)) is greater than or equal to 66 2/3% of the daily average amount of the Total Commitment for such quarter, the Borrower shall pay to the Administrative Agent for the accounts of the Banks in accordance with their respective Commitment Percentages, a utilization fee calculated at a rate per annum equal to 0.200% of the sum of (i) the average aggregate outstanding amount of the Loans during such calendar quarter plus (ii) the average aggregate Maximum Drawing Amount of all Letters of Credit outstanding plus (iii) the average aggregate daily outstanding balance of Unpaid Reimbursement Obligations (to the extent not included under (i) or (ii)). The utilization fee shall be payable on the earlier of five (5) Business Days after the end of any calendar quarter in which such fee shall be due and owing in accordance with this Section 2.3 or the Maturity Date or any earlier date on which the Total Commitment shall terminate. In no case shall any portion of the utilization fee be refundable.

2.4 Reduction of Total Commitment . The Borrower shall have the right at any time and from time to time upon three (3) Business Days' prior written notice to the Administrative Agent to reduce by at least $1,000,000 or integral multiples of $1,000,000 in excess thereof, or to terminate entirely, the unborrowed portion of the Total Commitment, whereupon the Commitments of the Banks shall be reduced pro rata in accordance with their respective Commitment Percentages of the amount specified in such notice or, as the case may be, terminated. Promptly after receiving any notice of the Borrower delivered pursuant to this Section 2.4, the Administrative Agent will notify the Banks of the substance thereof. Upon the effective date of any such reduction or termination, the Borrower shall pay to the Administrative Agent for the respective accounts of the Banks the full amount of any facility fee then accrued on the amount of the reduction. No reduction or termination of the Commitments may be reinstated.

2.5 The Notes. The Loans shall be evidenced by separate promissory notes of the Borrower in substantially the form of Exhibit B hereto (each a "Note"), dated as of the Closing Date and completed with appropriate insertions. One Note shall be payable to the order of each Bank in a principal amount equal to such Bank's Commitment or, if less, the outstanding amount of all Loans made by such Bank, plus interest accrued thereon, as set forth below. The Borrower irrevocably authorizes each Bank to make or cause to be made, at or about the time of the Drawdown Date of any Loan or at the time of receipt of any payment of principal on such Bank's Note, an appropriate notation on such Bank's Record reflecting the making of such Loan or (as the case may be) the receipt of such payment. The outstanding amount of the Loans set forth on such Bank's Record shall be prima facie evidence of the principal amount thereof owing and unpaid to such Bank, but the failure to record, or any error in so recording, any such amount on such Bank's Record shall not limit or otherwise affect the obligations of the Borrower hereunder or under any Note to make payments of principal of or interest on any Note when due.

2.6 Interest on Loans.

2.6.1 Interest Rates. Except as otherwise provided in Section 5.10, the Loans shall bear interest as follows:

(a) Each Federal Funds Rate Loan shall bear interest at an annual rate equal to the Federal Funds Rate as in effect from time to time while such Federal Funds Rate Loan is outstanding.

(b) Each LIBOR Loan shall bear interest for each Interest Period at an annual rate equal to the LIBOR Rate for such Interest Period in effect from time to time during such Interest Period.

2.6.2 Interest Payment Dates. The Borrower shall pay all accrued interest on each Loan in arrears on each Interest Payment Date with respect thereto.

2.7 Requests for Loans. The Borrower shall give to the Administrative Agent written notice in the form of Exhibit C hereto (or telephonic notice confirmed in a writing in the form of Exhibit D hereto) of each Loan requested hereunder (a "Loan Request") no later than (a) 11:00 a.m. (Charlotte, North Carolina time) on the proposed Drawdown Date of any Federal Funds Rate Loan and (b) two (2) LIBOR Business Days prior to the proposed Drawdown Date of any LIBOR Loan. Each such notice shall specify (i) the principal amount of the Loan requested, (ii) the proposed Drawdown Date of such Loan, (iii) the Type of such Loan, and (iv) the Interest Period for such Loan if such Loan is a LIBOR Loan. Promptly upon receipt of any such Loan Request, the Administrative Agent shall notify each of the Banks thereof. Each Loan Request shall be irrevocable and binding on the Borrower and shall obligate the Borrower to accept the Loan requested from the Banks on the proposed Drawdown Date. Each Loan Request shall be in a minimum aggregate amount of $1,000,000 or in an integral multiple of $1,000,000 in excess thereof.

2.8 Loans to Cover Reimbursement Obligations . Notwithstanding the notice and minimum amount requirements set forth in Section 2.7, the Banks shall, according to their Commitment Percentages and subject to the satisfaction of the conditions set forth herein, make Loans to the Borrower as provided in Section 2.10.1 on the date that any draft presented under any Letter of Credit is honored by any Co-Agent, or any date on which any Co-Agent otherwise makes a payment with respect thereto, in an amount sufficient to pay in full the obligations of the Borrower under Section 4.2 in respect of the honor of such draft or the making of such payment. The Borrower hereby requests and authorizes the Banks to make from time to time such Loans. The Borrower acknowledges and agrees that the making of such Loans shall, in each case, be subject in all respects to the provisions of this Credit Agreement as if they were Loans covered by a Loan Request, including the limitations set forth in Section 2.1 and the requirement that the applicable provisions of Sections 10 and 11 be satisfied. Each Co-Agent may (but shall not be required to) assume that each Bank will make available to it on a timely basis funds for any Loan under this Section 2.8 and each Bank shall reimburse such Co-Agent for any such amounts so advanced on its behalf, all on the terms and conditions set forth in Section 2.10.2. Absent manifest error on the part of such Co-Agent or the Banks, all actions taken by such Co-Agent or the Banks pursuant to the provisions of this Section 2.8 shall be conclusive and binding on the Borrower. Loans made pursuant to this Section 2.8 shall be Federal Funds Rate Loans until converted in accordance with the provisions of this Credit Agreement.

2.9 Conversion Options.

2.9.1 Conversion to LIBOR Loan. The Borrower may elect from time to time, subject to Section 2.11, to convert any outstanding Federal Funds Rate Loan to a LIBOR Loan, provided that (a) the Borrower shall give the Administrative Agent at least two (2) LIBOR Business Days' prior written notice of such election; and (b) no Federal Funds Rate Loan may be converted into a LIBOR Loan when any Default or Event of Default has occurred and is continuing. Each notice of election of such conversion, and each acceptance by the Borrower of such conversion, shall be deemed to be a representation and warranty by the Borrower that no Default or Event of Default has occurred and is continuing. The Administrative Agent shall notify the Banks promptly of any such notice. On the date on which such conversion is being made, each Bank shall take such action as is necessary to transfer its Commitment Percentage of such Loans to its LIBOR Lending Office. All or any part of outstanding Federal Funds Rate Loans may be converted into a LIBOR Loan as provided herein, provided that any partial conversion shall be in an aggregate principal amount of $1,000,000 or an integral multiple of $1,000,000 in excess thereof.

2.9.2 Continuation of Type of Loan.

(a) All Federal Funds Rate Loans shall continue as Federal Funds Rate Loans until converted into LIBOR Loans as provided in Section 2.9.1.

(b) Any LIBOR Loan may, subject to Section 2.11, be continued, in whole or in part, as a LIBOR Loan upon the expiration of the Interest Period with respect thereto, provided that (i) the Borrower shall give the Administrative Agent at least two (2) LIBOR Business Days' prior written notice of such election; (ii) no LIBOR Loan may be continued as such when any Default or Event of Default has occurred and is continuing, but shall be automatically converted to a Federal Funds Rate Loan on the last day of the first Interest Period relating thereto ending during the continuance of any Default or Event of Default; and (iii) any partial continuation of a LIBOR Loan shall be in an aggregate principal amount of $1,000,000 or an integral multiple of $1,000,000 in excess thereof. Each notice of election of such continuance of a LIBOR Loan, and each acceptance by the Borrower of such continuance, shall be deemed to be a representation and warranty by the Borrower that no Default or Event of Default has occurred and is continuing.

(c) If the Borrower shall fail to give any notice of continuation of a LIBOR Loan as provided under this Section 2.9.2, the Borrower shall be deemed to have requested a conversion of the affected LIBOR Loan to a Federal Funds Rate Loan on the last day of the then current Interest Period with respect thereto.

(d) The Administrative Agent shall notify the Banks promptly when any such continuation or conversion contemplated by this Section 2.9.2 is scheduled to occur. On the date on which any such continuation or conversion is to occur, each Bank shall take such action as is necessary to transfer its Commitment Percentage of such Loans to its Domestic Lending Office or its LIBOR Lending Office as appropriate.

2.9.3 LIBOR Loans. Any conversion to or from LIBOR Loans shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of all LIBOR Loans having the same Interest Period shall not be less than $1,000,000 or an integral multiple of $1,000,000 in excess thereof.

2.9.4 Conversion Requests. All notices of the conversion or continuation of a Loan provided for in this Section 2.9 shall be in writing in the form of Exhibit E hereto (or shall be given by telephone and confirmed by a writing in the form of Exhibit F hereto). Each such notice shall specify (a) the principal amount and Type of the Loan subject thereto, (b) the date on which the current Interest Period of such Loan ends if such Loan is a LIBOR Loan, and (c) the new Interest Period for such Loan if such Loan is a LIBOR Loan. Promptly upon receipt of any such notice, the Administrative Agent shall notify each of the Banks thereof. Each such notice shall be irrevocable and binding on the Borrower.

2.10 Funds for Loans.

2.10.1 Funding Procedures. Not later than 1:00 p.m. (Charlotte, North Carolina time) on the proposed Drawdown Date of any Loan or the Drawdown Date of any Loan under Section 2.8, each of the Banks will make available to the Administrative Agent, at the Administrative Agent's Head Office, in immediately available funds, the amount of such Bank's Commitment Percentage of the amount of the requested Loan. Upon receipt from each Bank of such amount, and upon receipt of the documents required by Section 11 and the satisfaction of the other conditions set forth therein, to the extent applicable, the Administrative Agent will make available to the Borrower the aggregate amount of such Loan made available to the Administrative Agent by the Banks. The failure or refusal of any Bank to make available to the Administrative Agent at the aforesaid time and place on any Drawdown Date the amount of its Commitment Percentage of the requested Loan shall not relieve any other Bank from its several obligation hereunder to make available to the Administrative Agent the amount of such other Bank's Commitment Percentage of any requested Loan, but no other Bank shall be liable in respect of the failure of such Bank to make available such amount.

2.10.2 Advances by Administrative Agent. The Administrative Agent may, unless notified to the contrary by any Bank prior to a Drawdown Date, assume that such Bank has made available to the Administrative Agent on such Drawdown Date the amount of such Bank's Commitment Percentage of the Loans to be made on such Drawdown Date, and the Administrative Agent may (but it shall not be required to), in reliance upon such assumption, make available to the Borrower a corresponding amount. If any Bank makes available to the Administrative Agent such amount on a date after such Drawdown Date, such Bank shall pay to the Administrative Agent on demand an amount equal to the weighted average interest rate paid by the Administrative Agent for federal funds acquired by the Administrative Agent during each day included in such period, times the amount of such Bank's Commitment Percentage of such Loans calculated on the basis of a 360-day year for the actual number of days elapsed. A statement of the Administrative Agent submitted to such Bank with respect to any amounts owing under this paragraph shall be prima facie evidence of the amount due and owing to the Administrative Agent by such Bank. If the amount of such Bank's Commitment Percentage of such Loans is not made available to the Administrative Agent by such Bank within three (3) Business Days following such Drawdown Date, the Administrative Agent shall be entitled to recover such amount from the Borrower within one (1) Business Day after demand therefor, with interest thereon at the rate per annum applicable to the Loans made on such Drawdown Date.

2.11 Limit on Number of LIBOR Loans. At no time shall there be outstanding LIBOR Loans having more than twenty-five (25) different Interest Periods.

3. REPAYMENT OF LOANS.

3.1 Maturity. The Borrower shall pay on the Maturity Date, and there shall become absolutely due and payable on the Maturity Date, all of the Loans outstanding on such date, together with any and all accrued and unpaid interest thereon. The Commitment shall terminate on the Maturity Date.

3.2 Mandatory Repayments of Loans.

3.2.1 Loans in Excess of Commitment. If at any time the sum of the outstanding amount of the Loans, the Maximum Drawing Amount and all Unpaid Reimbursement Obligations exceeds the Total Commitment, then the Borrower shall immediately pay the amount of such excess to the Administrative Agent for application first, to any Unpaid Reimbursement Obligations; second, to the Loans; and third, to provide the Administrative Agent cash collateral for Reimbursement Obligations as contemplated by Sections 4.2(b) and (c). Each payment of any Unpaid Reimbursement Obligations or prepayment of Loans shall be allocated among the Banks in proportion, as nearly as practicable, to each Reimbursement Obligation or (as the case may be) the respective unpaid principal amount of each Bank's Note, with adjustments to the extent practicable to equalize any prior payments or repayments not exactly in proportion.

3.2.2 Change of Control. Upon the occurrence of a Change of Control or impending Change of Control:

(a) the Borrower shall notify the Administrative Agent and each Bank of such Change of Control or impending Change of Control as provided in Section 7.5.4;

(b) the Commitments (but not the right of the Borrower to convert and continue Types of Loans under Section 2.9) shall be suspended for the period from the date of such notice (or any Change of Control Notice given by the Administrative Agent or a Bank as provided in Section 7.5.4) through the later to occur of (i) the Change of Control Date or (ii) the date forty (40) days after the date of such notice from the Borrower (the "Suspension Period") and neither the Banks nor the Administrative Agent shall have any obligations to make Loans to the Borrower;

(c) each Bank shall have the right within fifteen (15) days after the date of such Bank's receipt of a Change of Control Notice under clause (a) above to demand payment in full of its pro rata share of the outstanding principal of all Loans, Unpaid Reimbursement Obligations, all accrued and unpaid interest thereon, and any other amounts owing under the Loan Documents, as well as payment of cash collateral for such Bank's Letter of Credit Participation, as more particularly described in clause (e) below;

(d) in the event that any Bank shall have made a demand under clause (c) above the Borrower shall promptly, but in no event later than five (5) Business Days after such demand, deliver notice to each Bank (which notice shall identify the Bank making such demand) and, notwithstanding the provisions of clause (c) above, the right of each Bank to demand repayment shall remain in effect through the fifteenth (15th) day next succeeding receipt by such Bank of any notice required to be given pursuant to this clause (d), provided that the provisions of this clause (d) shall only apply with respect to demands given by Banks prior to the expiration of the period specified in clause (c); and

(e) in the event any Bank makes a demand under clause (c) or clause (d) above, the Borrower shall on the last day of the Suspension Period pay to the Administrative Agent for the credit of such Bank its pro rata share of the outstanding principal of all Loans, all accrued and unpaid interest thereon, any Unpaid Reimbursement Obligations and any other amounts owing under the Loan Documents, (provided that (i) any Bank may require the Borrower to postpone prepayment of a LIBOR Loan until the last day of the Interest Period with respect to such LIBOR Loan, and (ii) if any Bank elects to

require prepayment of a LIBOR Loan that has an Interest Period ending less than sixty (60) days after the date of such demand on a date that is not the last day of the Interest Period for such LIBOR Loan, such Bank shall not be entitled to receive any amounts payable under Section 5.9 in respect of the prepayment of such LIBOR Loan) and the Borrower shall on the last day of the Suspension Period pay to the Administrative Agent an amount equal to such Bank's pro rata share of the then Maximum Drawing Amount on all Letters of Credit, which amount shall be held by the Administrative Agent as cash collateral for the benefit of such Bank for its share of all Reimbursement Obligations. Notwithstanding the immediately preceding sentence, so long as no Event of Default has occurred and is continuing, if at any time (whether before or after the date at which the Borrower provides cash collateral for any Letters of Credit) any Bank, or any other financial institution reasonably satisfactory to the Administrative Agent which meets the requirements of an Eligible Assignee, agrees to purchase the Letter of Credit Participation of one or more Banks that have made demand pursuant to clause (c) or clause (d) above, and such Person has executed the documentation necessary to consummate such purchase, (x) the Borrower shall be relieved of the obligation to provide cash collateral with respect to Letters of Credit and (y) such selling Bank shall be relieved of the obligation to fund an advance with respect to Letters of Credit, but only to the extent in each case that such purchasing Bank or other financial institution has purchased such Letter of Credit Participation. If the Borrower has provided such cash collateral prior to such purchase, the Administrative Agent shall refund to the Borrower a portion of such cash collateral equal to the amount of Letter of Credit Participation so purchased.

Upon any demand for payment by any Bank under this Section 3.2.2, the Commitment hereunder provided by such Bank shall terminate, and such Bank shall be relieved of all further obligations to make Loans to the Borrower or participate in the risk of Letters of Credit issued, extended, or renewed after the date of such demand. At the end of the Suspension Period referred to above, the Commitments shall be restored from all Banks that have not made a demand for payment under this Section 3.2.2, and this Credit Agreement and the other Loan Documents shall remain in full force and effect among the Borrower, such Banks, the Co-Agents and the Administrative Agent, with such changes as may be necessary to reflect the termination of the credit provided by the Banks that made a demand for payment under this Section 3.2.2.

3.3 Optional Repayments of Loans . The Borrower shall have the right, at its election, to repay the outstanding amount of the Loans, as a whole or in part, at any time without penalty or premium, provided that any full or partial repayment of the outstanding amount of any LIBOR Loans pursuant to this Section 3.3 made on a date other than the last day of the Interest Period relating thereto shall be subject to customary breakage charges as provided in Section 5.9. The Borrower shall give the Administrative Agent, no later than 10:00 a.m., Charlotte, North Carolina time, at least one (1) Business Day's prior written notice, of any proposed repayment pursuant to this Section 3.3 of Federal Funds Rate Loans, and two (2) LIBOR Business Days' notice of any proposed repayment pursuant to this Section 3.3 of LIBOR Loans, in each case, specifying the proposed date of payment of Loans and the principal amount to be paid. Each such partial repayment of the Loans shall be in an amount of $1,000,000 or an integral multiple of $1,000,000 in excess thereof, shall be accompanied by the payment of accrued interest on the principal repaid to the date of payment, and shall be applied, in the absence of instruction by the Borrower, first to the principal of Federal Funds Rate Loans and then to the principal of LIBOR Loans (in inverse order of the last days of their respective Interest Periods). Each partial repayment shall be allocated among the Banks, in proportion, as nearly as practicable, to the respective unpaid principal amount of each Bank's Loans, with adjustments to the extent practicable to equalize any prior repayments not exactly in proportion. Any amounts repaid under this Section 3.3 may be reborrowed prior to the Maturity Date as provided in Section 2.7, subject to the conditions of Section 11.

4. LETTERS OF CREDIT

4.1 Letter of Credit Commitments.

4.1.1 Commitment to Issue Letters of Credit. Subject to the terms and conditions hereof and the execution and delivery by the Borrower of a letter of credit application on the Co-Agent's customary form attached hereto as Exhibit G, or such other form as may be reasonably acceptable to the Borrower and the Co-Agent issuing such Letter of Credit (a "Letter of Credit Application"), the Co-Agent receiving such Letter of Credit Application on behalf of the Banks and in reliance upon the agreement of the Banks set forth in Section 4.1.4 and upon the representations and warranties of the Borrower contained herein, each Bank agrees, in its individual capacity, to issue, extend, and renew for the account of the Borrower one or more standby letters of credit (individually, a "Letter of Credit"), in such form as may be requested from time to time by the Borrower and agreed to by either of the Co-Agents; provided, however, that, after giving effect to such request, (i) the Maximum Drawing Amount on all Letters of Credit shall not exceed $80,000,000 (the "Letter of Credit Commitment"), and (ii) the sum of (A) the Maximum Drawing Amount on all Letters of Credit, (B) all Unpaid Reimbursement Obligations, and (C) the amount of all Loans outstanding shall not exceed the Total Commitment.

4.1.2 Letter of Credit Applications. Each Letter of Credit Application shall be completed to the reasonable satisfaction of the Borrower and the Co-Agent to which it is delivered. In the event that any provision of any Letter of Credit Application shall be inconsistent with any provision of this Credit Agreement, then the provisions of this Credit Agreement shall, to the extent of any such inconsistency, govern.

4.1.3 Terms of Letters of Credit. Each Letter of Credit issued, extended, or renewed hereunder shall, among other things, (a) provide for the payment of sight drafts for honor thereunder when presented in accordance with the terms thereof and when accompanied by the documents described therein, and (b) have an expiry date no later than the date which is fourteen (14) days prior to the Maturity Date. Each Letter of Credit so issued, extended, or renewed shall be subject to the Uniform Customs.

4.1.4 Reimbursement Obligations of Banks. Each Bank severally agrees that it shall be absolutely liable, without regard to the occurrence of any Default or Event of Default or any other condition precedent whatsoever, to the extent of such Bank's Commitment Percentage, to reimburse the Co-Agent issuing any Letter of Credit on demand for the amount of each draft paid by such Co-Agent under each such Letter of Credit to the extent that such amount is not reimbursed by the Borrower pursuant to Section 4.2 (such agreement for a Bank being called herein the "Letter of Credit Participation" of such Bank); provided, however, that no Bank shall be required to reimburse the Co-Agent issuing such Letter of Credit, if at the time that such Co-Agent issued such Letter of Credit, such Co-Agent had actual knowledge of the existence of a Default.

4.1.5 Participations of Banks. Each such payment under this Section 4.1 made by a Bank shall be treated as the purchase by such Bank, to the extent of such Bank's Commitment Percentage, of a participating interest in the Borrower's Reimbursement Obligation under Section 4.2 in an amount equal to such payment. Each Bank shall share in accordance with its participating interest in any interest which accrues pursuant to Section 4.2.

4.2 Reimbursement Obligation of the Borrower. In order to induce the Co-Agents to issue, extend, and renew each Letter of Credit and the Banks to participate therein, the Borrower hereby agrees to reimburse or pay to the Co-Agent issuing such Letter of Credit, for the account of such Co-Agent or (as the case may be) the Banks, with respect to each Letter of Credit issued, extended, or renewed by such Co-Agent hereunder,

(a) except as otherwise expressly provided in Section 4.2(b) and (c), on each date that any draft presented under such Letter of Credit is honored by either Co-Agent, or either Co-Agent otherwise makes a payment under or pursuant to such Letter of Credit, the amount paid by such Co-Agent under or with respect to such Letter of Credit;

(b) upon the reduction (but not termination) of the Total Commitment or the Letter of Credit Commitment to an amount less than the Maximum Drawing Amount, an amount equal to such difference, which amount shall be held by the Administrative Agent for the benefit of the Banks and the Co-Agents as cash collateral for all Reimbursement Obligations, subject to the provisions of Section 3.2.2; and

(c) upon the termination of the Total Commitment or the Letter of Credit Commitment or the acceleration of the Reimbursement Obligations with respect to all Letters of Credit in accordance with Section 12, an amount equal to one hundred percent (100%) of the then Maximum Drawing Amount

on all such Letters of Credit plus projected Letter of Credit Fees, based upon the Borrower's then effective commercial paper rating, which amount shall be held by the Administrative Agent for the benefit of the Banks and the Co-Agents as cash collateral for all Reimbursement Obligations.

Each such payment shall be made to the Administrative Agent at the Administrative Agent's Head Office or to the relevant Co-Agent at such Co-Agent's Head Office, as the case may be, in immediately available funds or from the direct application of the proceeds of a Loan made pursuant to Section 2.8. To the extent not paid pursuant to Section 2.8, interest on any and all amounts remaining unpaid by the Borrower under this Section 4.2 at any time from the date such amounts become due and payable (whether as stated in this Section 4.2, by acceleration, or otherwise) until payment in full (whether before or after judgment) shall be payable to the relevant Co-Agent on demand at the rate specified in Section 5.10 for overdue principal of the Federal Funds Rate Loans.

4.3 Letter of Credit Payments. If any draft shall be presented or other demand for payment shall be made under any Letter of Credit, the Co-Agent receiving such draft or demand shall notify the Borrower and the Banks of the date and amount of the draft presented or demand for payment and of the date and time when it expects to pay such draft or honor such demand for payment. If the Borrower fails to reimburse the relevant Co-Agent as provided in Section 4.2 on or before the date that such draft is paid or other payment is made by such Co-Agent (and the draft or other payment is not covered by a Loan as provided in Section 2.8), such Co-Agent shall promptly thereafter, but not later than 1:00 p.m. (Dallas, Texas time) on the date such draft is paid or other payment is made by such Co-Agent, notify the Banks of the amount of any such Unpaid Reimbursement Obligation. As soon as possible following such notice, but in no event later than 3:00 p.m. (Dallas, Texas time) on the date of such notice, each Bank shall make available to such Co-Agent, at its Head Office, in immediately available funds, an amount equal to the product of such Bank's Commitment Percentage and such Bank's Unpaid Reimbursement Obligation, together with an amount equal to the product of (a) the average, computed for the period referred to in clause (c) below, of the weighted average interest rate paid by such Co-Agent for federal funds acquired by such Co-Agent during each day included in such period, times (b) the amount equal to such Bank's Commitment Percentage multiplied by such Bank's Unpaid Reimbursement Obligation, times (c) a fraction, the numerator of which is the number of days that elapse from and including the date such Co-Agent paid the draft presented for honor or otherwise made payment to the date on which such Bank's Commitment Percentage of such Unpaid Reimbursement Obligation shall become immediately available to such Co-Agent, and the denominator of which is 360. The responsibility of such Co-Agent to the Borrower and the Banks shall be only to determine that the documents (including each draft) delivered under each Letter of Credit in connection with such presentment shall be in conformity in all material respects with such Letter of Credit.

4.4 Obligations Absolute. The Borrower's obligations under this Section 4 shall be absolute and unconditional under any and all circumstances and irrespective of the occurrence of any Default or Event of Default or any condition precedent whatsoever or any setoff, counterclaim, or defense to payment which the Borrower may have or have had against the Administrative Agent, any Co-Agent, any Bank, or any beneficiary of a Letter of Credit. The Borrower further agrees with the Administrative Agent, each Co-Agent and the Banks that the Administrative Agent, each Co-Agent and the Banks shall not be responsible for, and the Borrower's Reimbursement Obligations under Section 4.2 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent, or forged, or any dispute between or among the Borrower, the beneficiary of any Letter of Credit, or any financing institution or other party to which any Letter of Credit may be transferred or any claims or defenses whatsoever of the Borrower against the beneficiary of any Letter of Credit or any such transferee. The Administrative Agent, each Co-Agent and the Banks shall not be liable for any error, omission, interruption, or delay in transmission, dispatch, or delivery of any message or advice, however transmitted, in connection with any Letter of Credit. The Borrower agrees that any action taken or omitted by the Administrative Agent, any Co-Agent or any Bank under or in connection with each Letter of Credit and the related drafts and documents, if done in good faith, shall be binding upon the Borrower and shall not result in any liability on the part of the Administrative Agent, any Co-Agent or any Bank to the Borrower.

4.5 Reliance by Issuer. To the extent not inconsistent with Section 4.4, each Co-Agent shall be entitled to rely, and shall be fully protected in relying upon, any Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex, or teletype message, statement, order, or other document believed by it to be genuine and correct and to have been signed, sent, or made by the proper Person and upon advice and statements of legal counsel, independent accountants, and other experts selected by such Co-Agent. Each of the Banks hereby indemnifies and holds each of the Co-Agents harmless from and against any and all claims, liability, damages, costs and expenses incurred by such Co-Agent in connection with any and all actions taken with respect to any Letter of Credit or any draft presented pursuant to any such Letter of Credit, so long as such action is taken in good faith. Each Co-Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Credit Agreement in accordance with a request of the Majority Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Banks and all future holders of the Notes or of a Letter of Credit Participation.

4.6 Letter of Credit Fee. The Borrower shall, on the date of issuance of any Letter of Credit and each anniversary thereof, pay in advance a fee (in each case, collectively with the fee described below in this Section 4.6, a "Letter of Credit Fee") to the Co-Agent issuing such Letter of Credit, for the account of the Banks (including Bank of America, the Chase Manhattan Bank and Deutsche Bank AG, New York and/or Cayman Islands Branches, in their capacity as a Bank) on a pro rata basis, in respect of such Letter of Credit equal to the Applicable Margin.

In addition to the foregoing fee, the Borrower shall pay in advance to the Co-Agent issuing such Letter of Credit, at the times specified above in this Section 4.6, for such Co-Agent's own account, an additional fee equal to one-eighth of one percent (1/8%) per annum on the Maximum Drawing Amount of such Letter of Credit.

In the event that any Letter of Credit shall be terminated or cancelled prior to the anniversary of the issuance thereof, the Letter of Credit Fees for such period shall be recalculated, and, to the extent any excess Letter of Credit Fees were paid as a result of such termination or cancellation, the Borrower shall receive a credit (to be applied in such manner as the Borrower and the applicable Co-Agent may agree) in the amount of such excess.

4.7 Additional Cash Collateral Provisions. A pro rata portion of any cash collateral securing Letters of Credit not otherwise refunded or applied in accordance with this Credit Agreement shall in any event be refunded to the Borrower upon cancellation, or fourteen (14) days following expiration, of any Letter of Credit secured by such cash collateral. In the event of refunding of any cash collateral, or any portion thereof, to the Borrower as provided in or pursuant to this Credit Agreement, the Administrative Agent shall refund to the Borrower an amount equal to the full amount of such cash collateral provided by the Borrower, or the applicable portion thereof, as the case may be, plus accrued interest thereon for the period from the most recent date on which such interest has been paid to, but not including, the date of such refund. Interest on cash collateral shall accrue to the benefit of the Borrower, at a rate equal to the Administrative Agent's Overnight Investment Rate, and shall be paid to the Borrower quarterly in arrears five (5) Business Days following the end of each calendar quarter and, in any case, on the date of refund as to any portion of cash collateral being refunded, as set forth above.

5. CERTAIN GENERAL PROVISIONS.

5.1 Application of Payments . Except as otherwise provided in this Credit Agreement, all payments in respect of any Loan shall be applied first to accrued and unpaid interest on such Loan and second to the outstanding principal of such Loan.

5.2 Funds for Payments.

5.2.1 Payments to Co-Agents, Administrative Agent. All payments of principal, interest, commitment fees, Reimbursement Obligations, Letter of Credit Fees and any other amounts due hereunder or under any of the other Loan Documents shall be made to any of the Co-Agents or Administrative

Agent, for the respective accounts of the Banks, the Co-Agents and the Administrative Agent, at the Co-Agent's Head Office or the Administrative Agent's Head Office, as the same may be, or at such other location that the Co-Agents or the Administrative Agent may from time to time designate, in each case in immediately available funds or directly from the proceeds of Loans.

5.2.2 No Offset, Etc. All payments by the Borrower hereunder and under any of the other Loan Documents shall be made without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions, or conditions of any nature now or hereafter imposed or levied by any Government Authority unless the Borrower is compelled by Government Mandate to make such deduction or withholding. If any such obligation is imposed upon the Borrower with respect to any amount payable by it hereunder or under any of the other Loan Documents (other than with respect to taxes on the income or profits of any Bank, the Co-Agents or the Administrative Agent), the Borrower will pay to the Administrative Agent, for the account of the Banks or (as the case may be) the Co-Agents or the Administrative Agent, on the date on which such amount is due and payable hereunder or under such other Loan Document, such additional amount in Dollars as shall be necessary to enable the Banks, the Co-Agent or the Administrative Agent to receive the same net amount which the Banks, the Co-Agent or the Administrative Agent would have received on such due date had no such obligation been imposed upon the Borrower. The Borrower will deliver promptly to the Administrative Agent certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Borrower hereunder or under such other Loan Document. If a refund is received (either in cash or by means of a credit against future tax obligations) by any of the Co-Agents, the Administrative Agent or any Bank in respect of an amount previously paid by the Borrower pursuant to the immediately preceding sentence, such refund shall be promptly paid over to the Borrower.

5.2.3 Fees Non-Refundable. Except as expressly set forth herein, all fees payable hereunder are non-refundable, provided that (a) if any of the Banks is finally adjudicated or is found in final arbitration proceedings to have been grossly negligent or to have committed willful misconduct with respect to the transactions contemplated hereby, then no facility fee shall be payable to such Bank after the date of such final adjudication or arbitration (and such Bank shall refund any facility fee paid to it and attributable to the period from and after the date on which such grossly negligent conduct or willful misconduct occurred), and (b) if the Administrative Agent is finally adjudicated or is found in final arbitration proceedings to have been grossly negligent or to have committed willful misconduct with respect to the transactions contemplated hereby, then no administrative agent's fee will be due and payable after the date of such final adjudication or arbitration. If the Administrative Agent is finally found to have been grossly negligent or to have committed willful misconduct, the amount of any administrative agent's fee paid or prepaid by the Borrower and attributable to the period from and after the date on which such grossly negligent conduct or willful misconduct occurred shall be refunded.

5.3 Computations. All computations of interest with respect to both Federal Funds Rate Loans and LIBOR Loans (including, without limitation, interest computations with respect to any Letter of Credit Fees) shall be based on a year of 360 days and paid for the actual number of days elapsed. Except as otherwise provided in the definition of the term "Interest Period" with respect to LIBOR Loans, whenever a payment hereunder or under any of the other Loan Documents becomes due on a day that is not a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and interest shall accrue during such extension.

5.4 Inability to Determine LIBOR Rate Basis . In the event, prior to the commencement of any Interest Period relating to any LIBOR Loan, the Administrative Agent shall determine that adequate and reasonable methods do not exist for ascertaining the LIBOR Rate Basis that would otherwise determine the rate of interest to be applicable to any LIBOR Loan during any Interest Period, the Administrative Agent shall forthwith give notice of such determination (which shall be conclusive and binding on the Borrower and the Banks) to the Borrower and the Banks. In such event (a) any Loan Request or Conversion Request with respect to LIBOR Loans shall be automatically withdrawn and shall be deemed a request for Federal Funds Rate Loans, (b) each LIBOR Loan will automatically, on the last day of the then current Interest Period relating thereto, become a Federal Funds Rate Loan, and (c) the obligations of the Banks to make LIBOR Loans shall be suspended until the Administrative Agent determines that the circumstances giving rise to such suspension no longer exist, whereupon the Administrative Agent shall so notify the Borrower and the Banks.

5.5 Illegality. Notwithstanding any other provisions herein, if any present or future Government Mandate shall make it unlawful for any Bank to make or maintain LIBOR Loans, such Bank shall forthwith give notice of such circumstances to the Borrower and the other Banks and thereupon (a) the commitment of such Bank to make LIBOR Loans or convert Federal Funds Rate Loans to LIBOR Loans shall forthwith be suspended, and (b) such Bank's Loans then outstanding as LIBOR Loans, if any, shall be converted automatically to Federal Funds Rate Loans on the last day of each then existing Interest Period applicable to such LIBOR Loans or within such earlier period after the occurrence of such circumstances as may be required by Government Mandate. The Borrower shall promptly pay the Administrative Agent for the account of such Bank, upon demand by such Bank, any additional amounts necessary to compensate such Bank for any costs incurred by such Bank in making any conversion in accordance with this Section 5.5 other than on the last day of an Interest Period, including any interest or fees payable by such Bank to lenders of funds obtained by it in order to make or maintain its LIBOR Loans hereunder.

5.6 Additional Costs, Etc. If any present or future applicable Government Mandate (whether or not having the force of law), shall:

(a) subject any Bank, any of the Co-Agents or the Administrative Agent to any tax, levy, impost, duty, charge, fee, deduction, or withholding of any nature with respect to this Credit Agreement, the other Loan Documents, and Letters of Credit, such Bank's Commitment, or the Loans (other than taxes based upon or measured by the income or profits of such Bank, such Co-Agent or the Administrative Agent), or

(b) materially change the basis of taxation (except for changes in taxes on income or profits) of payments to any Bank of the principal of or the interest on any Loans or any other amounts payable to any Bank, any of the Co-Agents or the Administrative Agent under this Credit Agreement or the other Loan Documents, or

(c) impose, increase, or render applicable (other than to the extent specifically provided for elsewhere in this Credit Agreement) any special deposit, reserve, assessment, liquidity, capital adequacy, or other similar requirements (whether or not having the force of law) against assets held by, or deposits in or for the account of, or loans by, or commitments of an office of any Bank, or

(d) impose on any Bank, any of the Co-Agents or the Administrative Agent any other conditions or requirements with respect to this Credit Agreement, the other Loan Documents, any Letters of Credit, the Loans, such Bank's Commitment, or any class of loans or commitments of which any of the Loans or such Bank's Commitment forms a part, and the result of any of the foregoing is:

(i) to increase by an amount deemed by such Bank to be material with respect to the cost to any Bank of making, funding, issuing, renewing, extending, or maintaining any of the Loans or such Bank's Commitment or any Letter of Credit, or

(ii) to reduce, by an amount deemed by such Bank, such Co-Agent or the Administrative Agent, as the case may be, to be material, the amount of principal, interest, or other amount payable to such Bank, such Co-Agent or the Administrative Agent hereunder on account of such Bank's Commitment, any Letter of Credit or any of the Loans, or

(iii) to require such Bank, such Co-Agent or the Administrative Agent to make any payment that, but for such conditions or requirements described in clauses (a) through (d), would not be payable hereunder, or forego any interest, Reimbursement Obligations or other sum that, but for such conditions or requirements described in clauses (a) through (d), would be payable to such Bank, such Co-Agent or the Administrative Agent hereunder, in any case the amount of which payment or foregone interest, Reimbursement Obligation or other sum is deemed by such Bank, such Co-

Agent or the Administrative Agent, as the case may be, to be material and is calculated by reference to the gross amount of any sum receivable or deemed received by such Bank, such Co-Agent or (as the case may be) the Administrative Agent from the Borrower hereunder, then, and in each such case, (aa) the Borrower will, upon demand made by such Bank, such Co-Agent or (as the case may be) the Administrative Agent at any time and from time to time (such demand to be made in any case not later than the first to occur of (I) the date one year after such event described in clause (i), (ii), or (iii) giving rise to such demand, and (II) the date ninety (90) days after both the payment in full of all outstanding Loans and Unpaid Reimbursement Obligations, and the termination of any Letters of Credit and the Commitments) and as often as the occasion therefor may arise, pay to such Bank, such Co-Agent or the Administrative Agent such additional amounts as will be sufficient to compensate such Bank, such Co-Agent or the Administrative Agent for such additional cost, reduction, payment, foregone interest, Reimbursement Obligation or other sum, (bb) the Borrower shall be entitled, upon notice to the Administrative Agent, each Co-Agent and each Bank given within ninety (90) days of any demand by a Bank under clause (aa), to repay in cash in full all, but not less than all, of the Loans and Unpaid Reimbursement Obligations of such Bank, together with all accrued and unpaid interest on such Loans and any other amounts owing to such Bank under the Loan Documents and terminate (in full and not in part) such Bank's Commitment and pay to the Administrative Agent an amount equal to, but not less than such Bank's pro rata share of the then Maximum Drawing Amount on all Letters of Credit, which amount shall be held by the Administrative Agent as cash collateral for the benefit of such Bank and the relevant Co-Agent for its share of all Reimbursement Obligations, and, (cc) in the event the Borrower elects to repay the Loans of any Bank under clause (bb), each other Bank shall be entitled, by notice to the Administrative Agent and the Borrower given within thirty (30) days after receipt of the notice referred to in clause (bb), to require the Borrower to repay in cash in full, within thirty (30) days of such notice under this clause (cc), all, but not less than all, of the Loans and Unpaid Reimbursement Obligations of such other Bank, together with all accrued and unpaid interest thereon and any other amounts owing to such other Bank under the Loan Documents, and require the Borrower to pay to the Administrative Agent an amount equal to, but not less than, such Bank's pro rata share of the then Maximum Drawing Amount on all Letters of Credit, which amount shall be held by the Administrative Agent as cash collateral for the benefit of such Bank and the relevant Co-Agent for its share of all Reimbursement Obligations. Subject to the terms specified above in this Section 5.6, the obligations of the Borrower under this Section 5.6 shall survive repayment of the Loans and all Unpaid Reimbursement Obligations and termination of any Letters of Credit and the Commitments.

5.7 Capital Adequacy. If after the date hereof any Bank, any Co-Agent or the Administrative Agent determines that (a) the adoption of or change in any Government Mandate (whether or not having the force of law) regarding capital requirements for banks or bank holding companies or any change in the interpretation or application thereof by any Government Authority with appropriate jurisdiction, or (b) compliance by such Bank, such Co-Agent, or the Administrative Agent, or any corporation controlling such Bank, such Co-Agent or the Administrative Agent, with any Government Mandate (whether or not having the force of law) has the effect of reducing the return on such Bank's, such Co-Agent's or the Administrative Agent's commitment with respect to any Loans to a level below that which such Bank , such Co-Agent or (as the case may be) the Administrative Agent could have achieved but for such adoption, change, or compliance (taking into consideration such Bank's, such Co-Agent's or the Administrative Agent's then existing policies with respect to capital adequacy and assuming full utilization of such Entity's capital) by any amount reasonably deemed by such Bank, such Co-Agent or (as the case may be) the Administrative Agent to be material, then such Bank, such Co-Agent or the Administrative Agent may notify the Borrower of such fact. To the extent that the amount of such reduction in the return on capital is not reflected in the Federal Funds Rate, (aa) the Borrower shall pay such Bank, such Co-Agent or (as the case may be) the Administrative Agent for the amount of such reduction in the return on capital as and when such reduction is determined upon presentation by such Bank, such Co-Agent or (as the case may be) the Administrative Agent of a certificate in accordance with Section 5.8 hereof (but in any case not later than the first to occur of (I) the date one year after such adoption, change, or compliance causing such reduction, and (II) as to adoptions of or changes in Government Mandates occurring prior to the repayment of the Loans and the termination of the Commitments the date ninety (90) days after both the payment in full of all outstanding Loans and termination of the Commitments), (bb) the Borrower shall be entitled, upon notice to the Administrative Agent, each Co-Agent and each Bank given within ninety (90) days of any notice by such Bank under the next preceding sentence, to repay in cash in full all, but not less than all, of the Loans of such Bank and/or such Co-Agent, together with all accrued and unpaid interest on such Loans and any other amounts owing to such Bank and/or such Co-Agent under the Loan Documents and terminate (in full and not in part) such Bank's Commitment, and, (cc) in the event the Borrower elects to repay the Loans of any Bank and/or any Co-Agent under clause (bb), each other Bank and Co-Agent shall be entitled, by notice to the Administrative Agent and the Borrower given within thirty (30) days after receipt of the notice referred to in clause (bb), to require the Borrower to repay in cash in full, within thirty (30) days of the notice under this clause (cc), all, but not less than all, of the Loans of such other Bank and Co-Agent, together with all accrued and unpaid interest on such Loans and any other amounts owing to such other Bank or Co-Agent under the Loan Documents. Each Bank and each Co-Agent shall allocate such cost increases among its customers in good faith and on an equitable basis. Subject to the terms specified above in this Section 5.7, the obligations of the Borrower under this Section 5.7 shall survive repayment of the Loans and termination of the Commitments.

5.8 Certificate. A certificate setting forth any additional amounts payable pursuant to Section 5.6 or Section 5.7 and a brief explanation of such amounts which are due and in reasonable detail the basis of the calculation and allocation thereof, submitted by any Bank, any of the Co-Agents or the Administrative Agent to the Borrower, shall be conclusive evidence, absent manifest error, that such amounts are due and owing.

5.9 Indemnity. The Borrower shall indemnify and hold harmless each Bank from and against any loss, cost, or expense (excluding loss of anticipated profits) that such Bank may sustain or incur as a consequence of (a) default by the Borrower in payment of the principal amount of or any interest on any LIBOR Loans as and when due and payable, including any such loss or expense arising from interest or fees payable by such Bank to lenders of funds obtained by it in order to maintain its LIBOR Loans, (b) default by the Borrower in making a borrowing or conversion after the Borrower has given (or is deemed to have given) a Loan Request or a Conversion Request; or (c) except as otherwise expressly provided in Section 3.2.2, the making of any payment of a LIBOR Loan or the making of any conversion of any such Loan to a Federal Funds Rate Loan on a day that is not the last day of the applicable Interest Period with respect thereto, including interest or fees payable by such Bank to lenders of funds obtained by it in order to maintain any such Loans. The obligations of the Borrower under this Section 5.9 shall survive repayment of the Loans and termination of the Commitments.

5.10 Interest After Default. All amounts outstanding under the Loan Documents that are not paid when due, including all overdue principal, Unpaid Reimbursement Obligations and (to the extent permitted by applicable Government Mandate) interest and all other overdue amounts (after giving effect to any applicable grace period), shall to the extent permitted by applicable Government Mandate bear interest until such amount shall be paid in full (after as well as before judgment) at a rate per annum equal to two percent (2%) above the interest rate otherwise applicable to such amounts. Any interest accruing under this section on overdue principal or interest shall be due and payable upon demand.

6. REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants to the Banks, the Co-Agents and the Administrative Agent as follows:

6.1 Corporate Authority.

6.1.1 Incorporation ; Good Standing. Each of the Borrower, its Subsidiaries, and the General Partner (a) is a corporation, limited partnership or general partnership, as the case may be, duly organized, validly existing, and in good standing under the laws of its state of organization, (b) has all requisite corporate or partnership power to own its material property and conduct its material business as now conducted and as presently contemplated, and (c) is in good standing as a foreign corporation, limited partnership or general partnership, as the case may be, and is duly authorized to do business in each jurisdiction where it owns or leases properties or conducts any business so as to require such qualification except where a failure to be so qualified would not be likely to have a Material Effect.

6.1.2 Authorization . The execution, delivery, and performance of this Credit Agreement and the other Loan Documents to which the Borrower, any of its Subsidiaries, or the General Partner is or is to become a party and the transactions contemplated hereby and thereby (a) are within the corporate or partnership power of each such Entity, (b) have been duly authorized by all necessary corporate or partnership proceedings on behalf of each such Entity, (c) do not conflict with or result in any breach or contravention of any Government Mandate to which any such Entity is subject, (d) do not conflict with or violate any provision of the corporate charter or bylaws, or the limited partnership certificate or agreement, or its governing documents in the case of any general partnership, as the case may be, of any such Entity, and (e) do not violate, conflict with, constitute a default or event of default under, or result in any rights to accelerate or modify any obligations under any Contract to which any such Entity is party or subject, or to which any of its respective assets are subject, except, as to the foregoing clauses (c) and (e) only, where the same would not be likely to have a Material Effect.

6.1.3 Enforceabilit y. The execution and delivery of this Credit Agreement and the other Loan Documents to which the Borrower, any of its Subsidiaries, or the General Partner is or is to become a party will result in valid and legally binding obligations of such Person enforceable against it in accordance with the respective terms and provisions hereof and thereof, except as enforceability is limited by bankruptcy, insolvency, reorganization, moratorium, or other laws relating to or affecting generally the enforcement of creditors' rights and by general principles of equity, regardless of whether enforcement is sought in a Proceeding in equity or at law.

6.1.4 Equity Securities. The General Partner is the only general partner of the Borrower. All of the outstanding Equity Securities of the Borrower are validly issued, fully paid, and non-assessable.

6.2 Governmental Approvals. The execution, delivery, and performance by the Borrower, its Subsidiaries, and the General Partner of this Credit Agreement and the other Loan Documents to which the Borrower, any of its Subsidiaries, or the General Partner is or is to become a party and the transactions contemplated hereby and thereby do not require the approval or consent of, or filing with, any Government Authority other than those already obtained and set forth on Schedule 6.2.

6.3 Liens; Leases. The assets reflected in the consolidated balance sheet of the Borrower dated as of December 31, 1999, and delivered to the Administrative Agent and the Banks under Section 6.4 are subject to no Liens except Permitted Liens. Each of the Borrower and its Subsidiaries enjoys quiet possession under all leases relating to Real Estate or personal property to which it is party as a lessee, and each such lease is Fully Effective.

6.4 Financial Statements. There has been furnished to the Administrative Agent and each of the Banks (a) a consolidated balance sheet of the Borrower as at December 31, 1999, and a consolidated statement of income and cash flow of the Borrower for the fiscal year then ended, certified by the Borrower's independent certified public accountants, and (b) unaudited interim condensed consolidated balance sheets of the Borrower and the Consolidated Subsidiaries as at June 30, 2000, and interim condensed consolidated statements of income and of cash flow of the Borrower and the Consolidated Subsidiaries for the respective fiscal periods then ended and as set forth in the Borrower's Quarterly Reports on Form 10-Q for such fiscal quarters. With respect to the financial statement prepared in accordance with clause (a) above, such balance sheet and statement of income have been prepared in accordance with GAAP and present fairly in all material respects the financial position of the Borrower and the Consolidated Subsidiaries as at the close of business on the respective dates thereof and the results of operations of the Borrower and the Consolidated Subsidiaries for the fiscal periods then ended; or, in the case of the financial statements referred to in clause (b), have been prepared in accordance with Rule 10-01 of Regulation S-X of the Securities and Exchange Commission, and contain all adjustments necessary for a fair presentation of (A) the results of operations of the Borrower for the periods covered thereby, (B) the financial position of the Borrower at the date thereof, and (C) the cash flows of the Borrower for periods covered thereby (subject to year-end adjustments). There are no contingent liabilities of the Borrower or the Consolidated Subsidiaries as of such dates involving material amounts, known to the executive management of the Borrower that (aa) should have been disclosed in said balance sheets or the related notes thereto in accordance with GAAP and the rules and regulations of the Securities and Exchange Commission, and (bb) were not so disclosed.

6.5 No Material Changes, Etc . No change in the Business of the Borrower and its Consolidated Subsidiaries, taken as a whole, has occurred since June 30, 2000 that has resulted in a Material Effect.

6.6 Permits. The Borrower and its Subsidiaries have all Permits necessary or appropriate for them to conduct their Business, except where the failure to have such Permits would not be likely to have a Material Effect. All of such Permits are in full force and effect. Without limiting the foregoing, the Borrower is duly registered as an "investment adviser" under the Investment Advisers Act of 1940 and under the applicable laws of each state in which such registration is required in connection with the investment advisory business of the Borrower and in which the failure to obtain such registration would be likely to have a Material Effect; Alliance Distributors is duly registered as a "broker/dealer" under the Securities Exchange Act of 1934 and under the securities or blue sky laws of each state in which such registration is required in connection with the business conducted by Alliance Distributors and where a failure to obtain such registration would be likely to have a Material Effect, and is a member in good standing of the National Association of Securities Dealers, Inc.; no Proceeding is pending or threatened with respect to the suspension, revocation, or termination of any such registration or membership, and the termination or withdrawal of any such registration or membership is not contemplated by the Borrower or Alliance Distributors, except, only with respect to registrations by the Borrower and Alliance Distributors required under state law, as would not be likely to have a Material Effect.

6.7 Litigation. There is no Proceeding of any kind pending or threatened, in writing, against the Borrower, any of its Subsidiaries, or the General Partner that questions the validity of this Credit Agreement or any of the other Loan Documents, or any action taken or to be taken pursuant hereto or thereto. There is no Proceeding of any kind pending or threatened, in writing, against the Borrower, any of its Subsidiaries, or the General Partner that is reasonably likely to, either in any case or in the aggregate, impair or prevent the Borrower's performance and observance of its obligations under this Credit Agreement or the other Loan Documents.

6.8 Material Contracts. Except as would not be likely to have a Material Effect, each Contract to which any of the Borrower and its Subsidiaries is party or subject, or by which any of their respective assets are bound (including investment advisory contracts and investment company distribution plans) (a) is Fully Effective, (b) is not subject to any default or event of default with respect to the Borrower, any of its Subsidiaries or, to the best knowledge of the executive management of the Borrower, any other party, (c) is not subject to any notice of termination given or received by the Borrower or any of its Subsidiaries, and (d) is, to the best knowledge of the executive management of the Borrower, the legal, valid, and binding obligation of each party thereto other than the Borrower and its Subsidiaries enforceable against such parties according to its terms.

6.9 Compliance with Other Instruments. Laws, Etc . None of the Borrower, its Subsidiaries, and the General Partner is, in any respect material to the Borrower and its Consolidated Subsidiaries taken as a whole, in violation of or default under (a) any provision of its certificate of incorporation or by-laws, or its certificate of limited partnership or agreement of limited partnership, or its governing documents in the case of any general partnership, as the case may be, (b) any Contract to which it is or may be subject or by which it or any of its properties are or may be bound, or (c) any Government Mandate, including Government Mandates relating to occupational safety and employment matters.

6.10 Tax Status. The Borrower and its Subsidiaries (a) have made or filed all federal and state income and all other tax returns, reports, and declarations required by any Government Authority to which any of them is subject, except where the failure to make or file the same would not be likely to have a Material Effect, (b) have paid all taxes and other governmental assessments and charges due, except those being contested in good faith and by appropriate Proceedings or those where a failure to pay is not reasonably likely to have a Material Effect, and (c) have set aside on their books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports, or declarations apply. There are no unpaid taxes in any material amount claimed to be due from the Borrower or any of its Subsidiaries by any Government Authority, and the executive management of the Borrower knows of no basis for any such claim.

6.11 No Event of Default. No Default or Event of Default has occurred and is continuing.

6.12 Holding Company and Investment Company Acts. Neither the Borrower nor any of its Subsidiaries is a "holding company", or a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935. Neither the Borrower nor any of its Subsidiaries (excluding investment companies in which the Borrower or a Consolidated Subsidiary has made "seed money" investments permitted by Section 8.6(b)) is an "investment company", as such term is defined in the 1940 Act.

6.13 Insurance. The Borrower and its Subsidiaries maintain insurance with financially sound and reputable insurers in such coverage amounts, against such risks, with such deductibles and upon such other terms, or are self-insured in respect of such risks (with appropriate reserves to the extent required by GAAP), as is reasonable and customary for firms engaged in businesses similar to those of the Borrower and its Subsidiaries. All policies of insurance maintained by the Borrower or its Subsidiaries are Fully Effective. All premiums due on such policies have been paid or accrued on the books of the Borrower or its Subsidiaries, as appropriate.

6.14 Certain Transactions. Except in connection with transactions occurring in the ordinary course of business, and, taking into account the totality of the relationships involved, with respect to transactions occurring on fair and reasonable terms no less favorable to the Borrower and its Consolidated Subsidiaries taken as a whole than would be obtained in comparable arms' length transactions with Persons that are not Affiliates of the Borrower or its Subsidiaries, none of the officers, directors, partners, or employees of the Borrower or any of its Subsidiaries, or, to the knowledge of the executive management of the Borrower, any Entity (other than a Subsidiary) in which any such officer, director, partner, or employee has a substantial interest or is an officer, director, trustee, or partner, is at present a party to any transaction with the Borrower or any of its Subsidiaries (other than for or in connection with services as officers, directors, partners, or employees, as the case may be), including any Contract providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any such officer, director, partner, employee, or Entity.

6.15 Employee Benefit Plans. Each contribution required to be made to a Guaranteed Pension Plan, whether required to be made to avoid the incurrence of an accumulated funding deficiency, the notice or lien provisions of §302(f) of ERISA, or otherwise, has been timely made. No waiver of an accumulated funding deficiency or extension of amortization periods has been received with respect to any Guaranteed Pension Plan. No liability to the PBGC (other than required insurance premiums, all of which have been paid) has been incurred by the Borrower or any ERISA Affiliate with respect to any Guaranteed Pension Plan and there has not been any ERISA Reportable Event, or any other event or condition which presents a material risk of termination of any Guaranteed Pension Plan by the PBGC. Based on the latest valuation of each Guaranteed Pension Plan (which in each case occurred within fifteen (15) months of the date of the representation), and on the actuarial methods and assumptions employed for that valuation, the aggregate benefit liabilities of all such Guaranteed Pension Plans within the meaning of §4001 of ERISA did not exceed the aggregate value of the assets of all such Guaranteed Pension Plans by more than $20,000,000, disregarding for this purpose the benefit liabilities and assets of any Guaranteed Pension Plan with assets in excess of benefit liabilities.

6.16 Regulations U and X. The proceeds of the Loans shall be used by the Borrower (i) to finance the payment by the Borrower of certain commissions to brokers in connection with the sale of "B" shares of investment companies and mutual funds managed or advised by the Borrower or one of its subsidiaries, (ii) for general partnership purposes and working capital purposes, including, without limitation, acquisitions and (iii) capital expenditures. The Borrower will obtain Letters of Credit solely for the purposes set forth in the immediately preceding clauses (i) through (iii). No portion of any Loan is to be used, and no portion of any Letter of Credit is to be obtained, for the purpose of purchasing or carrying any "margin security" or "margin stock" as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. Parts 221 and 224.

6.17 Environmental Compliance. To the best of the Borrower's knowledge:

(a) none of the Borrower, its Subsidiaries, the General Partner, and any operator of the Real Estate or any operations thereon is in violation, or alleged violation, of any Government Mandate or Permit pertaining to environmental, safety or public health matters, including the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Federal Clean Water Act, the Federal Clean Air Act, and the Toxic Substances Control Act (hereinafter "Environmental Laws"), which violation would be likely to have a material adverse effect on the environment or a Material Effect;

(b) neither the Borrower nor any of its Subsidiaries has received notice from any third party, including any Government Authority, (i) that any one of them has been identified by the United States Environmental Protection Agency ("EPA") as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B (1986); (ii) that any hazardous waste, as defined by 42 U.S.C. §9601(5), any hazardous substances as defined by 42 U.S.C. §9601(14), any pollutant or contaminant as defined by 42 U.S.C. §9601(33) and any toxic substances, oil, hazardous materials, or other chemicals or substances regulated by any Environmental Laws ("Hazardous Substances") that any one of them has generated, transported, or disposed of has been found at any site at which a Government Authority or other third party has conducted, or has ordered that other parties conduct, a remedial investigation, removal, or other response action pursuant to any Environmental Law; or (iii) that it is or shall be a named party to any Proceeding (in each case, contingent or otherwise) arising out of any third party's incurrence of costs, expenses, losses, or damages of any kind whatsoever in connection with the release of Hazardous Substances; and

(i) no portion of the Real Estate has been used for the handling, processing, storage, or disposal of Hazardous Substances except in accordance with applicable Environmental Laws;

(ii) no underground tank or other underground storage receptacle for Hazardous Substances is located on any portion of the Real Estate;

(iii) in the course of any activities conducted by any of the Borrower, its Subsidiaries, the General Partner, and operators of any Real Estate, no Hazardous Substances have been generated or are being used on the Real Estate except in accordance with applicable Environmental Laws;

(iv) there have been no releases (i.e. any past or present releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, disposing, or dumping) or threatened releases of Hazardous Substances on, upon, into, or from the Real Estate that would have a material adverse effect on the value of the Real Estate or the environment;

(v) there have been no releases of Hazardous Substances on, upon, from, or into any real property in the vicinity of any of the Real Estate that (A) may have come to be located on the Real Estate through soil or groundwater contamination, and, (B) if so located, would have a material adverse effect on the value of the Real Estate or the environment; and

(vi) any Hazardous Substances that have been generated by any of the Borrower and its Subsidiaries, or on the Real Estate by any other Person, have been transported offsite only by carriers having an identification number issued by the EPA, treated or disposed of only by treatment or disposal facilities maintaining valid Permits as required under applicable Environmental Laws, which transporters and facilities have been and are, to the best of the Borrower's knowledge, operating in compliance with such Permits and applicable Environmental Laws.

6.18 Subsidiaries, Etc. Schedule 6.18 sets forth a list of (a) each Subsidiary of the Borrower (in which each Restricted Subsidiary at the date hereof is specifically identified as such), (b) the number of authorized and outstanding Equity Securities of each class of each Subsidiary of the Borrower and the

number and percentage thereof owned, directly or indirectly, by the Borrower, and (c) any partnership or joint venture in which the Borrower or any of its Subsidiaries is engaged with any other Person. Those Equity Securities of each Subsidiary of the Borrower which are owned directly or indirectly by the Borrower are validly issued, fully paid, and non-assessable.

6.19 Funded Debt. Schedule 6.19 sets forth as of the end of the calendar month immediately preceding the Closing Date all outstanding Funded Debt of the Borrower and its Subsidiaries.

6.20 General. The Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, and Quarterly Reports on Form 10-Q referred to in Section 6.4 (a) conform in all material respects to the requirements of the Securities Exchange Act of 1934, as amended, and to all applicable rules and regulations of the Securities and Exchange Commission, and (b) as amended by interim filings, do not contain an untrue statement of any material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading.

7. AFFIRMATIVE COVENANTS OF THE BORROWER.

The Borrower covenants and agrees that, so long as any Loan, Unpaid Reimbursement Obligation, Letter of Credit, or Note is outstanding or any Bank or Co-Agent has any obligation to make any Loans or any Co-Agent has any obligation to issue, extend, or renew any Letters of Credit:

7.1 Punctual Payment. The Borrower will duly and punctually pay or cause to be paid the principal and interest on the Loans, all Reimbursement Obligations, the Letter of Credit Fees, the facility fee, the utilization fee, and all other amounts provided for in this Credit Agreement and the other Loan Documents to which the Borrower is party, all in accordance with the terms of this Credit Agreement and such other Loan Documents.

7.2 Maintenance of Office. York, or at such other place in the United States of America as the Borrower shall designate upon prior written notice to the Administrative Agent, where notices, presentations, and demands to or upon the Borrower in respect of the Loan Documents may be given or made.

7.3 Records and Accounts. The Borrower will, and will cause each of its Subsidiaries to, keep complete and accurate records and books of account.

7.4 Financial Statements, Certificates, and Information . The Borrower will deliver to each of the Banks:

(a) as soon as practicable, but in any event not later than ninety-five (95) days after the end of each fiscal year of the Borrower:

(i) the consolidated balance sheet of the Borrower as at the end of such fiscal year;

(ii) the consolidating balance sheet of the Borrower as at the end of such fiscal year;

(iii) the consolidated statement of income and consolidated statement of cash flows of the Borrower for such fiscal year; and

(iv) the consolidating statement of income and consolidating statement of cash flows of the Borrower for such fiscal year.

Each of the balance sheets and statements delivered under this Section 7.4(a) shall (i) set forth in comparative form the figures for the previous fiscal year; (ii) be in reasonable detail and prepared in accordance with GAAP based on the records and books of account maintained as provided in Section 7.3; (iii) as to items (i) and (iii) above, be accompanied by a certification by the principal financial or accounting officer of the Borrower that the information contained in such financial statements presents fairly in all material respects the financial position of the Borrower and the Consolidated Subsidiaries on the date thereof and results of operations and cash flows of the Borrower and the Consolidated Subsidiaries for the periods covered thereby; and (iv) as to items (i) and (iii) above, be certified, without limitation as to scope, by KPMG Peat Marwick LLP or another firm of independent certified public accountants reasonably satisfactory to the Administrative Agent, and shall be accompanied by a written statement from such accountants to the effect that in connection with their audit of such financial statements nothing has come to their attention that caused them to believe that the Borrower has failed to comply with the terms, covenants, provisions or conditions of Section 7.3, Section 8, and Section 9 of this Credit Agreement as to accounting matters (provided that such accountants may also state that the audit was not directed primarily toward obtaining knowledge of such noncompliance), or, if such accountants shall have obtained knowledge of any such noncompliance, they shall disclose in such statement any such noncompliance; provided that such accountants shall not be liable to the Banks for failure to obtain knowledge of any such noncompliance;

(b) as soon as practicable, but in any event not later than fifty (50) days after the end of the first three fiscal quarters of each fiscal year of the Borrower, (i) the unaudited interim condensed consolidated balance sheet of the Borrower as at the end of such fiscal quarter, and (ii) the unaudited interim condensed consolidated statement of income and unaudited interim condensed consolidated statement of cash flow of the Borrower for such fiscal quarter and for the portion of the Borrower's fiscal year then elapsed, all in reasonable detail and prepared in accordance with Rule 10-01 of Regulation S-X of the Securities and Exchange Commission, together with a certification by the principal financial or accounting officer of the Borrower that, in the opinion of management of the Borrower, all adjustments necessary for a fair presentation of (A) the results of operations of the Borrower for the periods covered thereby, (B) the financial position of the Borrower at the date thereof, and (C) the cash flows of the Borrower for periods covered thereby have been made (subject to year-end adjustments);

(c) simultaneously with the delivery of the financial statements referred to in subsections (a) and (b) above, a statement certified by the principal financial officer, treasurer or general counsel of the Borrower in substantially the form of Exhibit H hereto and setting forth in reasonable detail computations evidencing compliance with the covenants contained in Section 9 and (if applicable) reconciliations to reflect changes in GAAP since December 31, 1999;

(d) promptly after the filing or mailing thereof, copies of all material filed with the Securities and Exchange Commission or sent to the holders of the Equity Securities of the Borrower; and

(e) from time to time such other financial data and information (including accountants' management letters) as the Administrative Agent (having been requested to do so by any Bank) may reasonably request; provided, however, that each of the Administrative Agent, the Co-Agents and the Banks agrees that with respect to any data and information obtained by it as a result of any request pursuant to this clause (e) (and with respect to any other data and information that is by the terms of this Credit Agreement to be held subject to this Section 7.4(e)), to the extent that such data and information has not theretofore otherwise been disclosed in such a manner as to render such data and information no longer confidential, each of the Administrative Agent, the Co-Agents and the Banks will use its reasonable efforts (consistent with its established procedures) to reasonably maintain (and cause its employees and officers to maintain) the confidential nature of the data and information therein contained; provided, however, that anything herein contained to the contrary notwithstanding, each of the Administrative Agent, the Co-Agents and the Banks may, to the extent necessary, disclose or disseminate such data and information to: (i) its employees, Affiliates, directors, agents, attorneys, accountants, auditors, and other professional advisers who would ordinarily have access to such data and information in the normal course of the performance of their duties in accordance with the Administrative Agent's, such Co-Agent's or such Bank's customary procedures relating to confidential information; (ii) such third parties as it may, in its discretion, deem reasonably necessary or desirable (A) in connection with or in response to any Government Mandate or request of any Government Authority, or (B) in connection with any Proceeding pending (or on its face purported to be pending) before any Government Authority (including Proceedings involving the Borrower); (iii) any

prospective purchaser, participant or investment banker in connection with the resale or proposed resale of any portion of the Loans, or of a participation therein, who shall agree in writing to accept such information subject to the provisions of this clause (e); (iv) any Person holding the Equity Securities or Funded Debt of the Administrative Agent, such Co-Agent or such Bank who, subject to the provisions of this clause (e), shall have requested to inspect such information; and (v) any Entity utilizing such information to rate or classify the Equity Securities or Funded Debt of the Administrative Agent, such Co-Agent or such Bank or to report to the public concerning the industry of which the Administrative Agent or such Bank is a part; provided, however, that none of the Administrative Agent, the Co-Agents and the Banks shall be liable to the Borrower or any other Person for damages arising hereunder from the disclosure of non-public information despite its reasonable efforts in accordance with the provisions of this clause (e) or from a failure by any other party to perform and observe its covenants in this clause (e).

7.5 Notices.

7.5.1 Defaults. The Borrower will promptly after the executive management of the Borrower (which for purposes of this covenant shall mean the chairman of the board, president, principal financial officer, treasurer or general counsel of the Borrower) becomes aware thereof (and in any case within three (3) Business Days after the executive management becomes aware thereof) notify the Administrative Agent and each of the Banks in writing of the occurrence of any Default or Event of Default. If any Person shall give any notice in writing of a claimed default (whether or not constituting an Event of Default) under the Loan Documents or any other Contract relating to Funded Debt equal to or in excess of $50,000,000 to which or with respect to which the Borrower or any of its Subsidiaries is a party or obligor, whether as principal, guarantor, surety, or otherwise, the Borrower shall forthwith give written notice thereof to the Administrative Agent and each of the Banks, describing the notice or action and the nature of the claimed default.

7.5.2 Environmental Events. The Borrower will promptly give notice to the Administrative Agent and each of the Banks (a) of any violation of any Environmental Law that the Borrower or any of its Subsidiaries reports in writing, or that is reportable by any such Person in writing (or for which any written report supplemental to any oral report is made) to any Government Authority, and (b) upon becoming aware thereof, of any Proceeding, including a notice from any Government Authority of potential environmental liability, that has the potential, in the Borrower's reasonable judgment, to have a Material Effect.

7.5.3 Notice of Proceedings and Judgments. The Borrower will give notice to the Administrative Agent and each of the Banks in writing within ten (10) Business Days of the executive management of the Borrower (as defined in Section 7.5.1) becoming aware of any Proceedings pending affecting the Borrower or any of its Subsidiaries or to which the Borrower or any of its Subsidiaries is or becomes a party that could reasonably be expected by the Borrower to have a Material Effect (or of any material adverse change in any such Proceedings of which the Borrower has previously given notice). Any such notice will state the nature and status of such Proceedings. The Borrower will give notice to the Administrative Agent and each of the Banks, in writing, in form and detail satisfactory to the Administrative Agent, within ten (10) Business Days of any settlement or any judgment, final or otherwise, against the Borrower or any of its Subsidiaries where the amount payable by the Borrower or any of its Subsidiaries, after giving effect to insurance, is in excess of the lesser of $30,000,000 or 10% of Consolidated Net Worth as at the end of the most recent fiscal quarter.

7.5.4 Notice of Change of Control. In the event the Borrower obtains knowledge of a Change of Control or an impending Change of Control, the Borrower will promptly give written notice (a "Borrower Control Change Notice") of such fact to the Administrative Agent and the Banks at least forty (40) days prior to the proposed Change of Control Date; provided, however, that in no event shall such a Borrower Control Change Notice be delivered to the Administrative Agent and the Banks more than three (3) Business Days after the Change of Control Date. Without limiting the foregoing, upon obtaining actual knowledge of any Change of Control or impending Change of Control, any of the Administrative Agent and the Banks may (but in no case shall any of them be obligated to) deliver written notice to the Borrower of such event, indicating that such event requires the Borrower to prepay the Loans pursuant to Section 3.2.2 (and in any such notice a Bank may make demand for payment of its Loans under Section 3.2.2). Promptly upon receipt of such notice, but in no event later than five (5) Business Days after actual receipt thereof, the Borrower will give written notice (such notice, together with a Borrower Control Change Notice, a "Control Change Notice") of such fact to the Administrative Agent and the Banks (including the Bank that has so notified the Borrower). Any Control Change Notice shall (a) describe the principal facts and circumstances of such Change of Control known to the Borrower in reasonable detail (including the Change of Control Date or, if the Borrower does not have knowledge of the Change of Control Date, the Borrower's best estimate of such Change of Control Date), (b) make reference to Section 3.2.2 and the rights of the Banks to require the Borrower to prepay the Loans on the terms and conditions provided for therein, and (c) state that each Bank may make a demand for payment of its Loans by providing written notice to the Borrower within fifteen (15) days after the effective date of such Control Change Notice. In the event the Borrower shall not have designated the Change of Control Date in its Control Change Notice, the Borrower shall keep the Administrative Agent and the Banks informed as to any changes in the estimated Change of Control Date and shall provide written notice to the Administrative Agent and the Banks specifying the Change of Control Date promptly upon obtaining knowledge thereof.

7.6 Existence; Business; Properties.

7.6.1 Legal Existence. The Borrower will, and will cause each of its Consolidated Subsidiaries to do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights and franchises as a limited partnership, general partnership or corporation, as the case may be, except, with respect to rights and franchises, where the failure to preserve and keep in full force and effect such rights and franchises would not be likely to have a Material Effect, provided, however, this section shall not prohibit any merger, consolidation, or reorganization of the Borrower or any of its Subsidiaries permitted pursuant to Section 8.2.

7.6.2 Conduct of Business. Except as otherwise disclosed to the Administrative Agent and the Banks in the Borrower's Form 8-Ks for the period prior to the Closing Date, the Borrower will, and will cause each of its Consolidated Subsidiaries to, engage in business related to investment management.

7.6.3 Maintenance of Properties. The Borrower will, and will cause each of its Consolidated Subsidiaries to, cause its properties used or useful in the conduct of its business and which are material to the Business of the Borrower and its Consolidated Subsidiaries taken as a whole to be maintained and kept in good condition, repair, and working order and supplied with all necessary equipment, ordinary wear and tear excepted; provided that nothing in this Section 7.6.3 shall prevent the Borrower or any of its Consolidated Subsidiaries from discontinuing the operation and maintenance of any properties if such discontinuance (i) is, in the judgment of the Borrower or such Subsidiary, desirable in the conduct of its business, and (ii) does not have a Material Effect.

7.6.4 Status Under Securities Laws. The Borrower shall maintain its status as a registered "investment adviser", under (a) the Investment Advisers Act of 1940 and (b) under the laws of each state in which such registration is required in connection with the investment advisory business of the Borrower and, as to (b) only, where a failure to obtain such registration would be likely to have a Material Effect. The Borrower shall cause Alliance Distributors to maintain its status as a registered "broker/dealer" under the Securities Exchange Act of 1934 and under the laws of each state in which such registration is required in connection with the business of Alliance Distributors and where a failure to obtain such registration would be likely to have a Material Effect, and to maintain its membership in the National Association of Securities Dealers, Inc.

7.7 Insurance. The Borrower will, and will cause each of its Consolidated Subsidiaries to, maintain with financially sound and reputable insurers insurance with respect to its properties and business against such casualties and contingencies, in such amounts, containing such terms, in such forms, and for such periods, or shall be self-insured in respect of such risks (with appropriate reserves to the extent required by GAAP), as shall be customary in the industry for companies engaged in similar activities in similar geographic areas.

7.8 Taxes. The Borrower will, and will cause each of its Consolidated Subsidiaries to, duly pay and discharge, or cause to be paid and discharged, before the same shall become overdue, all taxes, assessments, and other governmental charges imposed upon it or its real property, sales, and activities, or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies that if unpaid (a) might by law become a Lien upon any of its property and (b) would be reasonably likely to result in a Material Effect; provided that any such tax, assessment, charge, levy, or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the Borrower or such Subsidiary shall have set aside on its books, if and to the extent permitted by GAAP, adequate accruals with respect thereto.

7.9 Inspection of Properties and Books, Etc.

7.9.1 General . The Borrower shall, and shall cause each of its Subsidiaries to, permit the Banks, through the Administrative Agent or any of the Banks' other designated representatives, to visit and inspect any of the properties of the Borrower or any of its Subsidiaries, to examine the books of account of the Borrower and its Subsidiaries (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances, and accounts of the Borrower and its Subsidiaries with, and to be advised as to the same by, its and their officers, all at such reasonable times and intervals as the Administrative Agent or any Bank may request. The costs incurred by the Administrative Agent and the Banks in connection with any such inspection shall be borne by the Banks making or requesting the inspection (or, if the Administrative Agent makes an inspection on its own initiative after notice to the Banks, by the Banks jointly, on a pro rata basis according to their outstanding Loans and Letter of Credit Participations or, if no Loans or Letters of Credit are outstanding, their respective Commitments), except as otherwise provided by Section 15(f). Any data and information that is obtained by the Administrative Agent or any Bank pursuant to this Section 7.9.1 shall be held subject to Section 7.4(e).

7.9.2 Communication with Accountants. The Borrower authorizes the Administrative Agent and, if accompanied by the Administrative Agent, the Banks to communicate directly with the Borrower's independent certified public accountants and authorizes such accountants to disclose to the Administrative Agent and the Banks any and all financial statements and other supporting financial documents and schedules, including copies of any management letter with respect to the Business of the Borrower or any of its Subsidiaries. The Borrower shall be entitled to reasonable prior notice of any such meeting with its independent certified public accountants and shall have the opportunity to have its representatives present at any such meeting. At the request of the Administrative Agent, the Borrower shall deliver a letter addressed to such accountants instructing them to comply with the provisions of this Section 7.9.2. Any data and information that is obtained by the Administrative Agent or any Bank pursuant to this Section 7.9.2 shall be held subject to Section 7.4(e).

7.10 Compliance with Government Mandates, Contracts, and Permits. The Borrower will and will cause each of its Consolidated Subsidiaries to, comply (if and to the extent that a failure to comply would be likely to have a Material Effect) with (a) all applicable Government Mandates wherever the business of the Borrower or any such Subsidiary is conducted, including all Environmental Laws and all Government Mandates relating to occupational safety and employment matters; (b) the provisions of the certificate of incorporation and by-laws, or the agreement of limited partnership and certificate of limited partnership, or its governing documents in the case of any general partnership, as the case may be, of the Borrower and such Subsidiary; (c) all Contracts to which the Borrower or any such Subsidiary is party, by which the Borrower or any such Subsidiary is or may be bound, or to which any of their respective properties are or may be subject; and (d) the terms and conditions of any Permit used in the Business of the Borrower or any such Subsidiary. If any Permit shall become necessary or required in order that the Borrower may fulfill any of its obligations hereunder or under any of the other Loan Documents to which the Borrower is a party, the Borrower will immediately take or cause its Subsidiaries to take all reasonable steps within the power of the Borrower and its Subsidiaries to obtain and maintain in full force and effect such Permit and furnish the Administrative Agent and the Banks with evidence thereof.

7.11 Use of Proceeds. The Borrower will use the proceeds of the Loans solely as provided in Section 6.16. The Borrower will obtain Letters of Credit solely for the purposes set forth in Section 6.16.

7.12 Restricted Subsidiaries. The Borrower shall cause each Restricted Subsidiary to continue at all times to satisfy the qualifications of a Restricted Subsidiary as set forth in the definition of "Restricted Subsidiary" in Section 1.1.

7.13 Certain Changes in Accounting Principles. In the event of a change after the date of this Credit Agreement in (a) GAAP (as in effect from time to time, rather than as defined in Section 1.1) or (b) any regulation issued by the Securities and Exchange Commission (either such event being referred to herein as an "Accounting Change"), that results in a material change in the calculations as to compliance with any financial covenant contained in Section 9 or in the calculation of any item to be taken into account in the calculations as to compliance with any such covenant (the "Affected Computation") in such a manner and to such an extent that, in the good faith judgment of the Chief Financial Officer of the Borrower or the Majority Banks, as evidenced by notice from such Majority Banks to the Borrower and the Administrative Agent (the "Accounting Notice"), the application of the Accounting Change to the Affected Computation would no longer reflect the intention of the parties to this Credit Agreement, then and in any such event:

(a) the Borrower shall, promptly after either a determination by its Chief Financial Officer as provided above or receipt of an Accounting Notice, give written notice thereof to the Administrative Agent and each Bank, which notice shall be accompanied by a copy of any Accounting Notice and a certificate of the Chief Financial Officer of the Borrower:

(i) describing the Accounting Change in question and the particular covenant or covenants that will be affected by such Accounting Change;

(ii) setting forth in reasonable detail (including detailed calculations) the manner and extent to which the covenant or covenants listed in such certificate are affected by such Accounting Change; and

(iii) setting forth in reasonable detail (including detailed calculations) the information required in order to establish that the Borrower would be in compliance with the requirements of the covenant or covenants listed in such certificate if such Accounting Change was not effective (or, if the Borrower would not be so in compliance, setting forth in reasonable detail calculations of the extent of such non-compliance);

(b) the Borrower and the Banks will enter into good faith negotiations with each other for an equitable amendment of such covenant or covenants, and the definition of GAAP set forth in Section 1.1, pursuant to Section 25 so as to place the parties, insofar as possible, in the same relative position as if such Accounting Change had not occurred;

(c) for the period from the date on which such Accounting Change becomes effective (the "Effective Date") to the effective date of an amendment to this Credit Agreement pursuant to Section 25, the Borrower shall be deemed to be in compliance with the covenant or covenants listed in such certificate if and so long as (but only if and so long as) the Borrower would be in compliance with such covenant or covenants if such Accounting Change had not occurred; and

(d) if no amendment to this Credit Agreement has become effective within ninety (90) days after the Effective Date of such Accounting Change, then all accounting computations required to be made for purposes of this Credit Agreement thereafter shall be made in accordance with GAAP as in effect immediately prior to such Effective Date.

8. CERTAIN NEGATIVE COVENANTS OF THE BORROWER.

The Borrower covenants and agrees that, so long as any Loan, Unpaid Reimbursement Obligation, Letter of Credit, or Note is outstanding or any Bank or Co-Agent has any obligation to make any Loans or any Co-Agent has any obligation to issue, extend, or renew any Letters of Credit:

8.1 Disposition of Assets. Consolidated Subsidiaries to, in any single transaction or in multiple transactions within any fiscal year of the Borrower, sell, transfer, assign, or otherwise dispose of all of the business or assets of the Borrower and its Consolidated Subsidiaries, any Significant Assets, or any 12b-1 Fees, or enter into any Contract for any such sale, transfer, assignment, or disposition, provided, however:

(a) Subsidiaries of the Borrower may sell, transfer, assign, or dispose of assets (including 12b-1 Fees) to the Borrower;

(b) Subsidiaries of the Borrower may sell, transfer, assign, or dispose of assets (including 12b-1 Fees) to any Restricted Subsidiary;

(c) the Borrower may sell, transfer, assign, or dispose of assets (including 12b-1 Fees) to any Restricted Subsidiary, provided such Restricted Subsidiary shall have prior to the effective date of such sale, transfer, assignment, or disposition executed and delivered to the Administrative Agent an Assumption Agreement (and all of the conditions set forth in such Assumption Agreement shall have been satisfied and such Assumption Agreement (A) shall not be subject to any default or event of default with respect to any party, (B) shall not be subject to any notice of termination given or received by the Borrower or any of its Subsidiaries, and (C) shall be the legal, valid, and binding obligation of each party thereto enforceable against such party according to its terms);

(d) the Borrower and any Subsidiary of the Borrower may sell, transfer or assign, or dispose of 12b-1 Fees to Persons other than the Borrower and Restricted Subsidiaries. Any Indebtedness in respect of obligations of the Borrower and its Subsidiaries arising out of such transactions shall constitute "Funded Debt"; and

(e) the sale, transfer, assignment or other disposition of all or substantially all of the business or assets of the Borrower and its Consolidated Subsidiaries in connection with a transaction permitted under Section 8.2 shall not be subject to the provisions of this Section 8.1.

This covenant is not intended to restrict the conversion of a short-term investment of the Borrower into cash or into another investment which remains an asset of the Borrower.

8.2 Mergers and Reorganizations . The Borrower will not, and will not cause, permit, or suffer any of its Consolidated Subsidiaries to, become a party to any merger, consolidation, or reorganization (any such transaction, a "Reorganization" and the term "Reorganize"shall have a correlative meaning) or enter into any Contract providing for any Reorganization, provided, however:

(a) the Borrower may Reorganize solely with any Restricted Subsidiary, and any Restricted Subsidiary may Reorganize solely with the Borrower or any other Restricted Subsidiary, provided (i) if the Borrower is party to such Reorganization, it is the sole surviving Entity, and (ii) if a Restricted Subsidiary that has previously executed and delivered to the Administrative Agent an Assumption Agreement is party to such Reorganization, each Entity (other than the Borrower or a Restricted Subsidiary that has previously executed and delivered to the Administrative Agent an Assumption Agreement) surviving such Reorganization shall execute and deliver to the Administrative Agent an Assumption Agreement (and all of the conditions set forth in such Assumption Agreement shall have been satisfied and such Assumption Agreement (x) shall not be subject to any default or event of default with respect to any party, (y) shall not be subject to any notice of termination given or received by the Borrower or any of its Subsidiaries, and (z) shall be the legal, valid, and binding obligation of each party thereto enforceable against such party according to its terms);

(b) the Borrower may Reorganize with other Entities in connection with any Permitted Acquisition, provided (i) the Borrower is the sole surviving Entity of such Reorganization; (ii) no Default or Event of Default, or breach by the Borrower of any of its covenants in the Loan Documents, shall have occurred and be continuing at the time of such Reorganization; (iii) no Default or Event of Default, or breach by the Borrower of any of its covenants in the Loan Documents, shall occur as a result of, or after giving effect to, such Reorganization; and (iv) such Reorganization does not result in a Change of Control; and

(c) the Borrower may Reorganize with any other Entity (including Reorganizations in connection with a conversion of the Borrower to corporate form and other transactions permitted under Section 2.05 of the Borrower Partnership Agreement), provided:

(i) no Default or Event of Default shall have occurred and be continuing at the time of such Reorganization;

(ii) no Default or Event of Default shall occur as a result of, or after giving effect to, such Reorganization;

(iii) each surviving Entity (other than the Borrower if it survives), and each Person that in connection with such Reorganization acquires or succeeds to any of the business or assets of the Borrower shall, as a condition of the effectiveness of such Reorganization, execute and deliver to the Administrative Agent an Assumption Agreement (and all of the conditions set forth in such Assumption Agreement shall have been satisfied and such Assumption Agreement (A) shall not be subject to any default or event of default with respect to any party, (B) shall not be subject to any notice of termination given or received by the Borrower or any of its Subsidiaries, and (C) shall be the legal, valid, and binding obligation of each party thereto enforceable against such party according to its terms). Notwithstanding the foregoing, Persons that in connection with such Reorganization in the aggregate acquire or succeed to assets generating less than twenty percent (20%) of the consolidated revenues of the Borrower and the Consolidated Subsidiaries during the four (4) fiscal quarters of the Borrower most recently ended shall not be required to enter into an Assumption Agreement as provided above in this clause (iii) in connection with such Reorganization so long as each surviving Entity (other than the Borrower if it survives) and Persons that in connection with such Reorganization in the aggregate acquire or succeed to assets generating not less than $400,000,000 of consolidated revenues of the Borrower and the Consolidated Subsidiaries during the four (4) fiscal quarters of the Borrower most recently ended shall, as a condition to the effectiveness of such Reorganization, execute and deliver to the Administrative Agent an Assumption Agreement and the other conditions specified above with respect to such Assumption Agreement shall be satisfied;

(iv) such Reorganization does not result in a Change of Control;

(v) after giving effect to such Reorganization, investment management contracts, together with agreements associated with distribution revenues and shareholder servicing fees, with respect to at least seventy-five percent (75%) of the consolidated revenues, less "other revenues" (as such term is used in the Borrower's consolidated statements of income as filed with the Securities and Exchange Commission), of the Borrower and its Consolidated Subsidiaries during the four (4) fiscal quarters most recently ended prior to such Reorganization (A) shall remain in full force and effect, and (B) shall, if held by the Borrower or one or more of its Consolidated Subsidiaries prior to such Reorganization, be held by the Borrower or one or more of its Consolidated Subsidiaries or shall have been duly assigned to or otherwise held by Persons executing and delivering to the Administrative Agent Assumption Agreements pursuant to clause (iii) above or one or more of any such Person's Consolidated Subsidiaries;

(vi) any diminution in the aggregate net worth of the Borrower (if it survives) and any Persons executing and delivering to the Administrative Agent Assumption Agreements pursuant to clause (iii) above and the consolidated Subsidiaries of each thereof (after elimination of intercompany items and without double counting), when compared with the Consolidated Net Worth of the Borrower as of the date of the most

recently completed fiscal quarter immediately prior to such Reorganization, is not more than twenty percent (20%) of such Consolidated Net Worth; and

(vii) that the Borrower has given the Administrative Agent and the Banks written notice of such Reorganization at least ten (10) business days prior to such Reorganization, which notice shall include current revised projections with respect to the Borrower and its Subsidiaries reflecting such Reorganization.

8.3 Acquisitions. The Borrower will not, and will not cause, permit, or suffer any of its Subsidiaries to, become a party to, contract for, or effect any purchase, exchange, or acquisition of Equity Securities or assets (any such transaction, an "Acquisition"), other than an Acquisition of assets that do not constitute all or a material part of a business, provided, however, the Borrower or any of its Subsidiaries may become a party to, contract for, or effect an Acquisition if each of the following conditions are satisfied:

(a) no Default or Event of Default, or breach by the Borrower of any of its covenants in the Loan Documents, shall have occurred and be continuing at the time of such Acquisition;

(b) no Default or Event of Default, or breach by the Borrower of any of its covenants in the Loan Documents, shall occur as a result of, or after giving effect to, such Acquisition;

(c) such Acquisition relates solely to (i) Equity Securities in another Person engaged primarily in, or assets of another Person used primarily for, businesses related to investment management, (ii) goods or services that will be used in the business of the Borrower or any of its Subsidiaries, or (iii) additional Equity Securities issued by an Entity, the Equity Securities of which have previously been purchased by the Borrower or one of its Subsidiaries under this Section 8.3;

(d) if such Acquisition relates to Equity Securities of another Entity, after giving effect to such Acquisition, at least a majority of the Equity Securities, and at least a majority of the Voting Equity Securities, of such Entity are held directly by the Borrower or indirectly by the Borrower through one or more Restricted Subsidiaries (but not through any Subsidiary that is not a Restricted Subsidiary);

(e) any Entity that issued Equity Securities purchased in such Acquisition and any Entity through which the Borrower effected an Acquisition of Equity Securities or assets, becomes, upon the consummation of the Acquisition, a Consolidated Subsidiary subject to the terms and conditions of this Credit Agreement; and

(f) except as permitted by Section 8.6, any Entity that issued Equity Securities purchased in such Acquisition and any Entity through which the Borrower effected an Acquisition of Equity Securities or assets is not upon consummation of such Acquisition (and the Borrower will not thereafter cause, permit, or suffer any such Entity to become) a general partner in any partnership, a party to a joint venture, or subject to any contingent obligations established by Contract that are not by their terms limited to a specific dollar amount; provided, however, that any such Entity may be a general partner in a partnership which is wholly owned by the Borrower or its Restricted Subsidiaries.

8.4 Restrictions on Liens. Consolidated Subsidiaries to, (a) create or incur, or cause, permit, or suffer to be created or incurred or to exist, any Lien upon any of its property or assets of any character whether now owned or hereafter acquired, or upon the income or profits therefrom; (b) transfer any of such property or assets or the income or profits therefrom for the purpose of subjecting the same to the payment of Indebtedness or performance of any other obligation in priority to payment of its general creditors; (c) acquire, or agree or have an option to acquire, any property or assets upon conditional sale or other title retention or purchase money security agreement, device, or arrangement; (d) suffer to exist any Indebtedness or claim or demand for a period of time such that the same by Government Mandate or upon bankruptcy or insolvency, or otherwise, would be given any priority whatsoever over its general creditors; or (e) assign, pledge, or otherwise transfer any accounts, contract rights, general intangibles, chattel paper, or instruments, with or without recourse, other than a transfer or assignment in connection with a sale permitted under Section 8.1 or Reorganization permitted under Section 8.2 or an Investment permitted under Section 8.6; provided that the Borrower and any Subsidiary of the Borrower may create or incur, or cause, permit, or suffer to be created or incurred or to exist:

(i) Liens imposed by Government Mandate to secure taxes, assessments, and other government charges in respect of obligations not overdue;

(ii) statutory Liens of carriers, warehousemen, mechanics, suppliers, laborers, and materialmen, and other like Liens, in each case in respect of obligations not overdue;

(iii) pledges or deposits made in connection with, or to secure payment of, workers' compensation, unemployment insurance, old age pensions, or other social security obligations;

(iv) Liens on Real Estate consisting of easements, rights of way, zoning restrictions, restrictions on the use of real property, defects and irregularities in the title thereto, and other minor Liens, provided, (A) none of such Liens in the reasonable opinion of the Borrower interferes materially with the use of the affected property in the ordinary conduct of the business of the Borrower and its Subsidiaries, and (B) such Liens individually or in the aggregate do not have a Material Effect;

(v) the rights and interests of landlords and lessors under leases of Real Estate leased by the Borrower or one of its Subsidiaries, as lessee;

(vi) Liens outstanding on the Closing Date and set forth on Schedule 8.4;

(vii) Liens in favor of either the Borrower or a Restricted Subsidiary on all or part of the assets of any Subsidiary of the Borrower securing Indebtedness owing by such Subsidiary to the Borrower or such Restricted Subsidiary, as the case may be;

(viii) Liens on interests of the Borrower or its Subsidiaries in partnerships or joint ventures consisting of binding rights of first refusal, rights of first offer, take-me-along rights, third-party offer provisions, buy-sell provisions, other transfer restrictions and conditions relating to such partnership or joint venture interests, and Liens granted to other participants in such partnership or joint venture as security for the performance by the Borrower or its Subsidiaries of their obligations in respect of such partnership or joint venture;

(ix) UCC notice filings in connection with non-recourse sales of 12b-1 Fees (other than sales constituting a collateral security device); and

(x) Liens (in addition to those specified in clauses (i) through (ix) above) securing Indebtedness in an aggregate amount for the Borrower and all of its Consolidated Subsidiaries taken together not in excess of $80,000,000 outstanding at any point in time (but excluding from the amount of any such Indebtedness that portion which is fully covered by insurance and as to which the insurance company has acknowledged to the Administrative Agent its coverage obligation in writing).

8.5 Guaranties. The Borrower shall not, and shall not cause, permit, or suffer any of its Consolidated Subsidiaries to, either (a) guaranty, endorse, accept, act as surety for, or otherwise become liable in respect of, Indebtedness of (or undertake to maintain working capital or other balance sheet condition of, or otherwise to advance or make funds available for the purchase of Indebtedness of) other Persons unless such obligation of the Borrower or its Subsidiary is expressly limited by the instrument establishing the same to a specified amount, or (b) voluntarily incur, create, assume, or otherwise become liable for any contingent obligations that are not by their terms limited to a specific dollar amount. For purposes of this Section 8.5 "contingent obligation" means contingent obligations of the Borrower or any of its Consolidated Subsidiaries, whether direct or indirect, in respect of Indebtedness of other Persons. This Section 8.5 shall not apply to (a) contingent obligations of a Subsidiary of the Borrower that is not a Restricted Subsidiary in its capacity as general partner of a partnership, or contingent obligations of a Restricted Subsidiary in its capacity as a general partner of a partnership which is wholly owned by the Borrower or its Restricted Subsidiaries, or (b) guaranties by the Borrower or any Consolidated Subsidiary of obligations of Restricted Subsidiaries (other than obligations in respect of Funded Debt) incurred in the ordinary course of business (including, without limitation, guaranties incurred to comply with conditions and requirements imposed by any applicable law, rule or regulation or otherwise customary and appropriate to operate an investment management business in any jurisdiction outside of the United States).

8.6 Restrictions on Investments . The Borrower will not, and will not cause, permit, or suffer any of its Consolidated Subsidiaries to, make or permit to exist or to remain outstanding any Investment except:

(a) Investments in marketable securities, liquid investments, and other financial instruments that are acquired for investment purposes and that have a value that may be readily established, including any such Investment that may be readily sold or otherwise liquidated in any mutual fund for which the Borrower or one of its Subsidiaries serves as investment manager or adviser;

(b) Investments consisting of seed money contributions to open-end and closed-end investment companies for which the Borrower or one of its Subsidiaries serves as investment manager or adviser, provided in each case the amount of such Investment will not exceed the minimum seed money contribution required by the 1940 Act or other applicable law, regulation, or custom (provided that when seed money contributions are made pursuant to "custom", in no event shall the amount contributed to any single investment company exceed $3,000,000);

(c) Investments existing on the Closing Date and set forth on Schedule 8.6;

(d) Investments made by the Borrower or any Restricted Subsidiary in the Borrower or any Restricted Subsidiary;

(e) Investments made after the Closing Date in Consolidated Subsidiaries that act as general partner of one or more partnerships in an aggregate amount not to exceed $20,000,000 at any point in time;

(f) Investments consisting of inter-company advances made in the ordinary course of business by the Borrower or any Subsidiary to any Consolidated Subsidiary, provided each such advance is settled within ninety-two (92) days after it is made (for purposes of this provision, settlement shall mean repayment of an advance in full in cash and without renewal of such advance, and without a substitute advance from the Borrower or another Subsidiary, for at least twenty-four (24) hours after such cash payment);

(g) Investments made in connection with a Reorganization permitted under Section 8.2 hereof; and

(h) Investments (in addition to those specified in clauses (a) through (f) above) in an aggregate amount for the Borrower and all of its Subsidiaries taken together not in excess of $150,000,000 outstanding at any time.

Notwithstanding any provisions to the contrary in the definition of "Investments" in Section 1.1, the Dollar amount of any Investment for purposes of clauses (e) and (g) above shall be reduced by the amount of any dividend, interest, or other return in respect of such Investment that is actually received in cash by the Borrower or a Restricted Subsidiary.

8.7 Restrictions on Funded Debt . The Borrower will not cause, permit, or suffer any of the Consolidated Subsidiaries to, create, incur, assume, guarantee, or be or remain liable, contingently or otherwise, with respect to any Funded Debt, provided, however, that (a) this covenant shall not apply to Funded Debt owing solely to the Borrower or another Consolidated Subsidiary of the Borrower, and (b) Consolidated Subsidiaries of the Borrower other than Alliance Capital Management Corporation of Delaware and Alliance Distributors may, subject to the other terms and conditions of the Loan Documents, create, incur, assume, guarantee, or be or remain liable with respect to Funded Debt in an aggregate principal amount (for all such Subsidiaries) that does not exceed fifteen percent (15%) of the Borrower's Consolidated Net Worth, at any time during any calendar year, as set forth in the most recently delivered annual or quarterly report of the Borrower.

8.8 Distributions. The Borrower shall not cause, permit, or suffer any restriction or Lien on the ability of any Consolidated Subsidiary to (a) pay, directly or indirectly, any Distributions to the Borrower or any other Subsidiary of the Borrower, (b) make any payments, directly or indirectly, in respect of any Indebtedness or other obligation owed to the Borrower or any of its Subsidiaries, (c) make loans or advances to the Borrower or any other Subsidiary of the Borrower, or (d) sell, transfer, assign, or otherwise dispose of any property or assets to the Borrower or any other Subsidiary of the Borrower, except, in each such case, restrictions or Liens (aa) that exist under or by reason of applicable Government Mandates, including any net capital rules, (bb) that are imposed only, as to Indebtedness of the Borrower or any Consolidated Subsidiary incurred prior to the date hereof, upon a failure to pay when due any of such Indebtedness, or, as to Indebtedness of the Borrower or any Consolidated Subsidiary incurred on or after the date hereof, upon an acceleration of such Indebtedness or a failure to pay the full amount of such Indebtedness at maturity, or (cc) that arise by reason of the maintenance by any Subsidiary that is not a Restricted Subsidiary of a level of net worth for the purpose of ensuring that limited partnerships for which it serves as general partner will be treated as partnerships for federal income tax purposes. Notwithstanding the foregoing, any portion of net earnings of any Restricted Subsidiary that is unavailable for payment of dividends to the Borrower or any other Restricted Subsidiary by reason of a restriction or Lien permitted under any of clauses (aa), (bb), and (cc) shall be excluded from the calculation of Consolidated Net Income (or Loss).

8.9 Transactions with Affiliates . The Borrower will not, and will not cause, permit, or suffer any of its Subsidiaries to, directly or indirectly, enter into any Contract or other transaction with any Affiliate of the Borrower or any of its Subsidiaries that is material to the Borrower and the Consolidated Subsidiaries taken as a whole, unless either: (a) such Contract or transaction relates solely to compensation arrangements with directors, officers, or employees of the Borrower, the General Partner, or the Consolidated Subsidiaries, or (b) such transaction is in the ordinary course of business and is, taking into account the totality of the relationships involved, on fair and reasonable terms no less favorable to the Borrower and the Consolidated Subsidiaries taken as a whole than would be obtained in comparable arm's length transactions with Persons that are not Affiliates of the Borrower or its Subsidiaries or (c) the Contract or other transaction is in connection with a Reorganization permitted under Section 8.2 hereof.

8.10 Fiscal Year. The Borrower shall not change its fiscal year unless the parties to the Loan Documents shall first enter into amendments to the Loan Documents such that the rights of the parties to the Loan Documents will not be affected by the change in the fiscal year of the Borrower, and the parties shall enter into such amendments as may be required in connection with a change of the Borrower's fiscal year.

8.11 Compliance with Environmental Laws. The Borrower will not, and will not cause, permit, or suffer any of its Subsidiaries to, (a) use any of the Real Estate or any portion thereof for the handling, processing, storage, or disposal of Hazardous Substances, (b) cause, permit, or suffer to be located on any of the Real Estate any underground tank or other underground storage receptacle for Hazardous Substances, (c) generate any Hazardous Substances on

any of the Real Estate, (d) conduct any activity at any Real Estate or use any Real Estate in any manner so as to cause a release (i.e., releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping) or threatened release of Hazardous Substances on, upon, or into the Real Estate, or (e) otherwise conduct any activity at any Real Estate or use any Real Estate in any manner that would violate any Environmental Law or bring such Real Estate in violation of any Environmental Law, in each case, so as would be likely to have a Material Effect.

8.12 Employee Benefit Plans . The Borrower will not, and will not cause, permit, or suffer any ERISA Affiliate to:

(a) engage in any "prohibited transaction" within the meaning of §406 of ERISA or §4975 of the Code that could result in a material liability for the Borrower and its Consolidated Subsidiaries taken as a whole;

(b) permit any Guaranteed Pension Plan to incur an "accumulated funding deficiency", as such term is defined in §302 of ERISA, whether or not such deficiency is or may be waived;

(c) fail to contribute to any Guaranteed Pension Plan to an extent that, or terminate any Guaranteed Pension Plan in a manner that, could result in the imposition of a Lien on the assets of the Borrower or any of its Subsidiaries pursuant to §302(f) or §4068 of ERISA; or

(d) permit or take any action that would result in the aggregate benefit liabilities (within the meaning of §4001 of ERISA) of all Guaranteed Pension Plans exceeding the value of the aggregate assets of such Plans by more than $20,000,000, disregarding for this purpose the benefit liabilities and assets of any such Plan with assets in excess of benefit liabilities.

8.13 Amendments to Certain Documents. The Borrower shall not, without the prior written consent of the Administrative Agent in each instance, permit or suffer any material amendments, modifications, supplements, or restatements of its certificate of limited partnership or the Borrower Partnership Agreement (or, following any conversion of the Borrower to a corporation, its certificate of incorporation or by-laws) that (i) relate to the determination of Available Cash Flow or Operating Cash Flow under the Borrower Partnership Agreement, or (ii) could reasonably be expected to materially adversely affect the ability of the Borrower to perform and observe its obligations under the Loan Documents or the legal rights and remedies of the Banks, the Co-Agents and the Administrative Agent under any of the Loan Documents.

9. FINANCIAL COVENANTS OF THE BORROWER.

The Borrower covenants and agrees that, so long as any Loan, Unpaid Reimbursement Obligation, Letter of Credit, or Note is outstanding or any Bank or Co-Agent has any obligation to make any Loans or any Co-Agent has any obligation to issue, extend, or renew any Letters of Credit:

9.1 Ratio of Consolidated Adjusted Funded Debt to Consolidated Adjusted Cash Flow.

(a) The Borrower will not at any time permit the ratio of (i) the aggregate principal amount of Consolidated Adjusted Funded Debt at such time to (ii) Consolidated Adjusted Cash Flow for the period of four (4) consecutive fiscal quarters then (or most recently) ended to exceed 3.00 to 1.00.

(b) Consolidated Adjusted Funded Debt shall mean at any time the sum of:

(i) the aggregate outstanding principal amount of Funded Debt of the Borrower and the Consolidated Subsidiaries (whether owed by more than one of them jointly or by any of them singly) at such time determined on a consolidated basis in accordance with GAAP; and

(ii) without duplication, the aggregate outstanding principal amount of Funded Debt owed by the Borrower and the Consolidated Subsidiaries (whether owed by more than one of them jointly or by any of them singly) at such time to any Consolidated Subsidiary that is not a Restricted Subsidiary.

(c) Consolidated Adjusted Cash Flow shall mean, with respect to any fiscal period, the difference of:

(i) the sum of (A) EBITDA of the Borrower and the Consolidated Subsidiaries for such fiscal period, plus (B) non-cash charges of the Borrower and the Consolidated Subsidiaries (other than charges for depreciation and amortization) for such fiscal period to the extent deducted in determining Consolidated Net Income (or Loss) for such period;

minus

(ii) brokerage commissions paid in connection with sales of "B" shares of investment companies and mutual funds managed or advised by the Borrower or one of its Subsidiaries (net of contingent deferred sales charges received in conjunction with redemptions of such "B" shares).

9.2 Minimum Net Worth. As of the last day of each calendar quarter, the Borrower shall not permit its Consolidated Net Worth to be less than $700,000,000.

9.3 Miscellaneous .

(a) All capitalized terms that are used in this Section 9 without definition in this Agreement shall refer to the corresponding items in the financial statements of the Borrower (as such items were determined for purposes of the financial statements referred to in this Section 9.3).

(b) For purposes of this Section 9, demand obligations shall be deemed to be due and payable during any fiscal year during which such obligations are outstanding.

10. CLOSING CONDITIONS.

The obligations of the Banks to enter into this Credit Agreement shall be subject to the satisfaction of the following conditions precedent at or before the Closing Date:

10.1 Financial Statements and Material Changes. The Banks shall be reasonably satisfied that (a) the financial statements of the Borrower and the Consolidated Subsidiaries referred to in Section 6.4 fairly present in all material respects the business and financial condition and the results of operations of the Borrower and the Consolidated Subsidiaries as of the dates and for the periods to which such financial statements relate, and (b) there shall have been no material adverse change in the Business of the Borrower and the Consolidated Subsidiaries taken as a whole since the dates of such financial statements.

10.2 Loan Documents. Each of the Loan Documents shall have been duly executed and delivered by the respective parties thereto and shall be in full force and effect. Each Bank, each Co-Agent and the Administrative Agent shall have received a fully executed copy of each such document.

10.3 Certified Copies of Charter Documents. Each of the Banks, the Co-Agents and the Administrative Agent shall have received from the Borrower and the General Partner (a) a copy of its certificate of incorporation, certificate of limited partnership, or other charter document duly certified as of a recent

date by the Secretary of State of Delaware, (b) a copy, certified by a duly authorized officer of such Entity to be true and complete on the Closing Date, of its by-laws, agreement of limited partnership, or equivalent document as in effect on such date, and (c) a certificate of the Secretary of State of Delaware as to the due organization, legal existence, and good standing of such Entity. The certificate of incorporation and by-laws or partnership agreement and certificate of limited partnership, as the case may be, of the Borrower, each of its Subsidiaries, and the General Partner shall be in all respects satisfactory in form and substance to the Banks, the Co-Agents and the Administrative Agent.

10.4 Partnership and Corporate Action. All partnership action necessary for the valid execution, delivery, and performance by the Borrower of this Credit Agreement and the other Loan Documents to which it is or is to become a party, and all corporate action necessary for the General Partner to cause the Borrower to execute, deliver, and perform this Credit Agreement and the other Loan Documents to which the Borrower is or is to become a party, shall have been duly and effectively taken, evidence thereof reasonably satisfactory to the Banks, the Co-Agents and the Administrative Agent shall have been provided to each of the Banks, and such action shall be in full force and effect at the Closing Date.

10.5 Consents. Each party hereto shall have duly obtained all consents and approvals of Government Authorities and other third parties, and shall have effected all notices, filings, and registrations with Government Authorities and other third parties, as may be required in connection with the execution, delivery, performance, and observance of the Loan Documents; all of such consents, approvals, notices, filings, and registrations shall be in full force and effect; and the Banks, the Co-Agents and the Administrative Agent shall have each received evidence thereof satisfactory to them.

10.6 Opinions of Counsel. Each of the Banks, the Co-Agents and the Administrative Agent shall have received a favorable opinion addressed to the Banks, the Co-Agents and the Administrative Agent, dated as of the Closing Date, from Brown & Wood LLP, counsel to the Borrower, in the form of Exhibit I hereto.

10.7 Proceedings . There shall be no Proceedings pending or threatened the result of which is reasonably likely to impair or prevent the Borrower's performance and observance of its obligations under this Credit Agreement and the other Loan Documents.

10.8 Incumbency Certificate. Each of the Banks, the Co-Agents and the Administrative Agent shall have received from the Borrower an incumbency certificate, dated as of the Closing Date, signed by a duly authorized officer of the Borrower and giving the name and bearing a specimen signature of each individual who shall be authorized: (a) to sign, in the name and on behalf of the Borrower, each of the Loan Documents to which the Borrower is or is to become a party; (b) to make Loan Requests, Conversion Requests and to apply for Letters of Credit; and (c) to give notices and to take other action on behalf of the Borrower under the Loan Documents.

10.9 Fees. The Borrower shall have paid to the Administrative Agent for the accounts of the Banks all fees then payable.

10.10 Representations and Warranties True; No Defaults. The Co-Agents, the Administrative Agent and the Banks shall have received a certificate of an officer of the General Partner, in form and substance satisfactory to the Administrative Agent, the Co-Agents, and the Banks, to the effect that (i) each of the representations and warranties set forth herein and each of the other Loan Documents is true and correct in all material respects on and as of the Closing Date, and (ii) no material defaults exist under any material contract or agreement of the Borrower, including, without limitation, this Credit Agreement and the other Loan Documents.

11. CONDITIONS TO ALL BORROWINGS.

The obligations of the Banks to make any Loan, and the obligations of any Co-Agent to issue, extend or renew any Letter of Credit whether on or after the Closing Date, shall also be subject to the satisfaction of the conditions precedent set forth below. Each of the submission of a Loan Request or a Letter of Credit Application by the Borrower and the acceptance by the Borrower of any Loan shall constitute a representation and warranty by the Borrower that the conditions set forth below have been satisfied.

11.1 No Default. No Default or Event of Default shall have occurred and be continuing.

11.2 Representations True. Each of the representations and warranties of the Borrower and its Subsidiaries contained in this Credit Agreement (other than the Borrower's representation and warranty set forth in Section 6.5), the other Loan Documents, or in any document or instrument delivered pursuant to or in connection with this Credit Agreement shall be true and correct in all material respects as of the time of the making of such Loan or the issuance, extension or renewal of such Letter of Credit, with the same effect as if made at and as of that time (except (a) to the extent that such representations and warranties expressly relate to a prior date, in which case they shall be true and correct in all material respects as of such earlier date, and (b) to the extent of changes resulting from transactions contemplated or permitted by this 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).

11.3 Loan Request or Letter of Credit Application. In the case of a Loan (other than a Loan made under Section 2.8), the Administrative Agent shall have received a Loan Request as provided in Section 2.7. In the case of a Letter of Credit, any of the Co-Agents shall have received a Letter of Credit Application as provided in Section 4.1.

11.4 Payment of Fees . Without limiting any other condition, the Borrower shall have paid to the Administrative Agent, for the account of the Banks, the Co-Agents and the Administrative Agent as appropriate, all fees and other amounts due and payable under the Loan Documents at or prior to the time of the making of such Loan or the issuance, extension or renewal of such Letter of Credit.

11.5 No Legal Impediment. No change shall have occurred in any Government Mandate that in the reasonable opinion of any Bank would make it illegal for such Bank to make such Loan (it being understood that this section shall be a condition only for the Bank or Banks affected by such Government Mandate) or that in the reasonable opinion of any of the Co-Agents would make it illegal for such Co-Agent to issue, extend or renew any Letter of Credit.

12. EVENTS OF DEFAULT; ACCELERATION; ETC.

12.1 Events of Default and Acceleration. If any of the following events ("Events of Default" or, if the giving of notice or the lapse of time or both is required, then, prior to such notice or lapse of time, "Defaults") shall occur:

(a) the Borrower or any Other Obligor shall fail to pay any principal of the Loans or any Reimbursement Obligation (for which a Loan is not made as provided in Section 2.8) when the same shall become due and payable, whether at the stated date of maturity or any accelerated date of maturity or at any other date fixed for payment;

(b) the Borrower or any Other Obligor shall fail to pay any interest on the Loans when the same shall become due and payable, whether at the stated date of maturity or any accelerated date of maturity or at any other date fixed for payment, and such failure shall continue for five (5) days after written notice of such failure has been given to the Borrower (or if the Borrower no longer exists, such other Obligor) by the Administrative Agent;

(c) the Borrower or any Other Obligor shall fail to perform or observe any of its covenants contained in Sections 7.5.1, 7.6.1, 8.1, 8.2, 8.3, 8.4(x), 8.13, 9, or, if such failure relates to a Lien securing Funded Debt, 8.4;

(d) the Borrower, any Other Obligor, or any of their respective Subsidiaries shall fail to perform or observe any term, covenant, or agreement contained herein or in any of the other Loan Documents (other than those specified elsewhere in this Section 12) for thirty (30) days after written notice of such failure has been given to the Borrower (or if the Borrower no longer exists, such Other Obligor) by the Administrative Agent, provided, that a failure to perform or observe the terms, covenants and agreements set forth in Section 7.4 or Section 7.5.3 that continues for more than ten (10) days (regardless of whether notice of such failure is given to the Borrower) shall constitute an Event of Default hereunder;

(e) any representation or warranty of the Borrower, any Other Obligor, or any of their respective Subsidiaries in this Credit Agreement, any of the other Loan Documents, or in any other document or instrument delivered pursuant to or in connection with this Credit Agreement shall prove to have been incorrect in any material respect upon the date when made or deemed to have been made or repeated;

(f) failure to make a payment of principal or interest, or a default, event of default, or other event permitting (with or without the passage of time or the giving of notice) acceleration or exercise of remedies shall occur with respect to (i) any Indebtedness for money borrowed, (ii) any Indebtedness in respect of the deferred purchase price of goods or services, or (iii) any Capitalized Lease, of the Borrower, any Other Obligor, or any of their respective Subsidiaries, having a principal amount (or, in the case of a Capitalized Lease, scheduled rental payments with a discounted present value from the last day of the initial term to the date of determination as determined in accordance with generally accepted accounting principles), (A) in any one case, of $50,000,000 or more, or (B) in the aggregate, of $150,000,000 or more, and such failure to make a payment of principal or interest, or a default, event of default, or other event shall continue for such period of time as would entitle the holder of such Indebtedness or Capitalized Lease (with or without notice) to accelerate such Indebtedness or terminate such Capitalized Lease;

(g) any of the Loan Documents shall be cancelled, terminated, revoked, or rescinded otherwise than in accordance with the terms thereof or with the express prior written agreement, consent, or approval of the Banks, or any Proceeding to cancel, revoke, or rescind any of the Loan Documents shall be commenced by or on behalf of the Borrower, any Other Obligor, or any of their respective Subsidiaries party thereto, or any Government Authority of competent jurisdiction shall make a determination that, or issue a Government Mandate to the effect that, any material provision of one or more of the Loan Documents is illegal, invalid, or unenforceable in accordance with the terms thereof;

(h) the Borrower, any Other Obligor, Alliance Distributors, the General Partner, or any Material Subsidiary shall make an assignment for the benefit of creditors, or admit in writing its inability to pay or generally fail to pay its debts as they mature or become due, or shall petition or apply for the appointment of a trustee or other custodian, liquidator, or receiver of the Borrower, any Other Obligor, Alliance Distributors, the General Partner or any Material Subsidiary or of any substantial part of the assets of the Borrower, any Other Obligor, Alliance Distributors, the General Partner, or any Material Subsidiary, or shall commence any Proceeding relating to the Borrower, any Other Obligor, Alliance Distributors, the General Partner, or any Material Subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation, or similar law of any jurisdiction, now or hereafter in effect, or shall take any action to authorize or in furtherance of any of the foregoing, or if any such petition or application shall be filed or any such Proceeding shall be commenced against the Borrower, any Other Obligor, Alliance Distributors, the General Partner, or any Material Subsidiary and any of such parties shall indicate its approval thereof, consent thereto, or acquiescence therein;

(i) either (i) an involuntary Proceeding relating to the Borrower, any Other Obligor, Alliance Distributors, the General Partner, or any Material Subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation, or similar law of any jurisdiction, now or hereafter in effect is commenced and not dismissed or vacated within sixty (60) days following entry thereof, or (ii) a decree or order is entered appointing any trustee, custodian, liquidator, or receiver described in (h) or adjudicating the Borrower, any Other Obligor, Alliance Distributors, the General Partner, or any Material Subsidiary bankrupt or insolvent, or approving a petition in any such Proceeding, or a decree or order for relief is entered in respect of the Borrower, any Other Obligor, Alliance Distributors, the General Partner, or any Material Subsidiary in an involuntary Proceeding under federal bankruptcy laws as now or hereafter constituted;

(j) there shall remain in force, undischarged, unsatisfied, and unstayed, for more than forty-five (45) days, any final judgment or order against the Borrower, any Other Obligor, or any of their respective Subsidiaries, that, with any other such outstanding final judgments or orders, undischarged, against the Borrower, any Other Obligors, and their respective Subsidiaries taken together exceeds in the aggregate $20,000,000;

(k) with respect to any Guaranteed Pension Plan, an ERISA Reportable Event shall have occurred and the Majority Banks shall have determined in their reasonable discretion that such event reasonably could be expected to result in liability of the Borrower, any Other Obligor, or any of their respective Subsidiaries to the PBGC or such Guaranteed Pension Plan in an aggregate amount exceeding $20,000,000 and such event in the circumstances occurring reasonably could constitute grounds for the termination of such Guaranteed Pension Plan by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such Guaranteed Pension Plan; or a trustee shall have been appointed by the United States District Court to administer such Guaranteed Pension Plan; or the PBGC shall have instituted proceedings to terminate such Guaranteed Pension Plan;

(l) any of the following: (i) the Borrower or (if required to be so registered) any Other Obligor shall fail to be duly registered as an "investment adviser" under the Investment Advisers Act of 1940; or (ii) Alliance Distributors shall cease to be duly registered as a "broker/dealer" under the Securities Exchange Act of 1934 or shall cease to be a member in good standing of the National Association of Securities Dealers, Inc.;

(m) the Borrower, any Other Obligor, Alliance Distributors, the General Partner, or any Material Subsidiary shall either (i) be indicted for a federal or state crime and, in connection with such indictment, Government Authorities shall seek to seize or attach, or seek a civil forfeiture of, property of the Borrower, any Other Obligor, Alliance Distributors, the General Partner, or one or more of such Material Subsidiary having a fair market value in excess of $20,000,000, or (ii) be found guilty of, or shall plead guilty, no contest, or nolo contendere to, any federal or state crime, a punishment for which could include a fine, penalty, or forfeiture of any assets of the Borrower, such Other Obligor, Alliance Distributors, the General Partner, or such Material Subsidiary having in any such case a fair market value in excess of $20,000,000; or

(n) Alliance Capital Management Corporation shall cease to be the sole general partner of the Borrower, and such circumstance shall continue for thirty (30) days after written notice of such circumstance has been given to the Borrower (or, if the Borrower no longer exists, any Other Obligor), provided,thatthe admission of additional Persons as (a) general partner of the Borrower shall not constitute an Event of Default if, prior to the admission of any such general partner, the Borrower delivers to the Banks (i) the documentation with respect to such general partner that would be required under Section 10.3 if such Person were a General Partner on the Closing Date, (ii) an incumbency certificate for such general partner as required for the Borrower pursuant to Section 10.8, and (c) an opinion from counsel reasonably acceptable to the Banks, in form and substance reasonably satisfactory to the Banks, as to such general partner's power and authority to act on behalf of the Borrower as a general partner of the Borrower, and provided, further, that a Reorganization of the Borrower pursuant to Section 8.2(c) as permitted under Section 2.05 of the Borrower Partnership Agreement shall not constitute a Default or an Event of Default under this clause(n);

then, and in any such event, so long as the same may be continuing, the Administrative Agent, upon the request of the Majority Banks, shall by notice in writing to the Borrower declare all amounts owing with respect to this Credit Agreement, the Notes, and the other Loan Documents and all Reimbursement Obligations (including with respect to outstanding undrawn Letters of Credit) to be, and they shall thereupon forthwith become, immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived by the Borrower; provided that in the event of any Event of Default specified in Section 12.1(h) or Section 12.1(i), all such amounts shall become immediately due and payable automatically and without any requirement of notice from the Administrative Agent, any Co-Agent or any Bank; and provided, further, that any such declaration may be rescinded by the Majority Banks after the Events of Default leading to such declaration are cured or waived.

12.2 Termination of Commitments . If any one or more of the Events of Default specified in Section 12.1(h) or Section 12.1(i) shall occur, any unused portion of the Total Commitment hereunder shall forthwith terminate and each of the Banks shall be relieved of all obligations to make Loans to the Borrower and the Co-Agents shall be relieved of all further obligations to issue, extend or renew Letters of Credit. If any other Event of Default shall have occurred and be continuing, or if on any Drawdown Date the conditions precedent to the making of the Loans to be made on such Drawdown Date are not satisfied, or if on any date for issuing, extending, or renewing any Letter of Credit the conditions precedent to issuing, extending, or renewing such Letter of Credit on such date are not satisfied, the Administrative Agent may with the consent of the Majority Banks and, upon the request of the Majority Banks, shall, by notice to the Borrower, terminate the unused portion of the Total Commitment hereunder, and upon such notice being given such unused portion of the Total Commitment hereunder shall terminate immediately and each of the Banks shall be relieved of all further obligations to make Loans and the Co-Agents shall be relieved of all further obligations to issue, extend or renew Letters of Credit. If any such notice is given to the Borrower, the Administrative Agent will forthwith furnish a copy thereof to each of the Banks. No termination of the Total Commitment hereunder shall relieve the Borrower of any of the Obligations or any of its existing obligations to any of the Banks arising under other agreements or instruments.

12.3 Remedies

(a) In case any one or more of the Events of Default shall have occurred and be continuing, and whether or not the Administrative Agent shall have accelerated the maturity of the Loans pursuant to Section 12.1, each Bank, if owed any amount with respect to the Loans or the Reimbursement Obligations, may with the consent of the Majority Banks but not otherwise, proceed to protect and enforce its rights by any appropriate Proceeding, whether for the specific performance of any covenant or agreement contained in this Credit Agreement and the other Loan Documents or any instrument pursuant to which the Obligations to such Bank are evidenced, including as permitted by applicable Government Mandate the obtaining of the ex parte appointment of a receiver, and, if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right of such Bank.

(b) No remedy herein conferred upon any Bank, any Co-Agent or the Administrative Agent or the holder of any Note or purchaser of any Letter of Credit Participation is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by any Government Mandate.

12.4 Application of Monies. In the event that, during the continuance of any Default or Event of Default, the Administrative Agent, any Co-Agent or any Bank, as the case may be, receives any monies in connection with the enforcement of rights under the Loan Documents, such monies shall be distributed for application as follows:

(a) First, to the payment of, or (as the case may be) the reimbursement of the Administrative Agent for or in respect of all costs, expenses, disbursements, and losses that shall have been incurred or sustained by the Administrative Agent in connection with the collection of such monies by the Administrative Agent, for the exercise, protection, or enforcement by the Administrative Agent of all or any of the rights, remedies, powers, and privileges of the Administrative Agent under this Credit Agreement or any of the other Loan Documents, or in support of any provision of adequate indemnity to the Administrative Agent against any taxes or Liens that by Government Mandate shall have, or may have, priority over the rights of the Administrative Agent to such monies;

(b) Second, to all other Obligations in such order or preference as the Majority Banks may determine; provided, however, that distributions among Obligations owing to the Banks, the Co-Agents and the Administrative Agent with respect to each type of Obligation such as interest, principal, fees, and expenses, shall be made among the Banks, the Co-Agents and the Administrative Agent pro rata according to the respective amounts thereof; and provided, further, that the Administrative Agent may in its discretion make proper allowance to take into account any Obligations not then due and payable; and

(c) Third, the excess, if any, shall be returned to the Borrower or to such other Persons as are entitled thereto.

13. SETOFF.

Regardless of the adequacy of any collateral, during the continuance of any Event of Default, any deposits or other sums credited by or due from any of the Banks to the Borrower and any securities or other property of the Borrower in the possession of such Bank may be applied to or set off by such Bank against the payment of Obligations and any and all other liabilities, direct, or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of the Borrower to such Bank. Each of the Banks agrees with each other Bank that (a) if an amount to be set off is to be applied to Indebtedness of the Borrower to such Bank, other than Indebtedness evidenced by the Notes held by such Bank or constituting Reimbursement Obligations owed to such Bank, such amount shall be applied ratably to such other Indebtedness and to the Indebtedness evidenced by all such Notes held by such Bank or constituting Reimbursement Obligations owed to such Bank, and (b) if such Bank shall receive from the Borrower, whether by voluntary payment, exercise of the right of setoff, counterclaim, cross action, enforcement of the claim evidenced by the Notes held by, or constituting Reimbursement Obligations owed to, such Bank by Proceedings against the Borrower, by proof thereof in bankruptcy, reorganization, liquidation, receivership, or similar Proceedings, or otherwise, and shall retain and apply to the payment of the Notes held by, or Reimbursement Obligations owed to, such Bank, any amount in excess of its ratable portion of the payments received by all of the Banks with respect to the Notes held by, and Reimbursement Obligations owed to, all of the Banks (exclusive of payments to be made for the account of less than all of the Banks as provided in Sections 3.2.2, 5.8, and 5.9), such Bank will make such disposition and arrangements with the other Banks with respect to such excess, either by way of distribution, pro tanto assignment of claims, subrogation or otherwise as shall result in each Bank receiving in respect of the Notes held by it, or Reimbursement Obligations owed to it, its proportionate payment as contemplated by this Credit Agreement; provided that if all or any part of such excess payment is thereafter recovered from such Bank, such disposition and arrangements shall be rescinded and the amount restored to the extent of such recovery, but without interest.

14. THE ADMINISTRATIVE AGENT.

14.1 Authorization. The Administrative Agent is authorized to take such action on behalf of each of the Banks and to exercise all such powers as are hereunder and under any of the other Loan Documents and any related documents delegated to the Administrative Agent, together with such powers as are reasonably incident thereto, provided that no duties or responsibilities not expressly assumed herein or therein shall be implied to have been assumed by the Administrative Agent. The relationship between the Administrative Agent and the Banks is and shall be that of agent and principal only, and nothing contained in this Credit Agreement, the Letters of Credit or any of the other Loan Documents shall be construed to constitute the Administrative Agent as a trustee for any Bank.

14.2 Employees and Agents. The Administrative Agent may exercise its powers and execute its duties by or through employees or agents and shall be entitled to take, and to rely on, advice of legal counsel concerning all matters pertaining to its rights and duties under this Credit Agreement and the other Loan Documents. The Administrative Agent may utilize the services of such Persons as the Administrative Agent in its sole discretion may reasonably determine.

14.3 No Liability. Neither the Administrative Agent nor any of its shareholders, directors, officers or employees nor any other Person assisting them in their duties nor any agent or employee thereof, shall be liable for any waiver, consent or approval given or any action taken, or omitted to be taken, in good faith by it or them hereunder or under any of the other Loan Documents, or in connection herewith or therewith, or be responsible for the consequences

of any oversight or error of judgment whatsoever, except that the Administrative Agent or such other Person, as the case may be, may be liable for losses due to its willful misconduct or gross negligence.

14.4 No Representations. The Administrative Agent shall not be responsible for the execution or validity or enforceability of this Credit Agreement, the Notes, the Letters of Credit, any of the other Loan Documents or any instrument at any time constituting, or intended to constitute, collateral security for the Notes, or for the value of any such collateral security or for the validity, enforceability, or collectability of any such amounts owing with respect to the Notes, or for any recitals or statements, warranties, or representations made herein or in any of the other Loan Documents or in any certificate or instrument hereafter furnished to it by or on behalf of the Borrower, or be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants, or agreements herein or in any instrument at any time constituting, or intended to constitute, collateral security for the Notes or to inspect any of the properties, books, or records of the Borrower or any of its Subsidiaries. The Administrative Agent shall not be bound to ascertain whether any notice, consent, waiver, or request delivered to it by the Borrower or any holder of any of the Notes shall have been duly authorized or is true, accurate, and complete. The Administrative Agent has not made nor does it now make any representations or warranties, express or implied, nor does it assume any liability to the Banks, with respect to the credit worthiness or financial conditions of the Borrower or any of its Subsidiaries. Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Bank, and based upon such information and documents as it has deemed appropriate, made its own credit analysis and decision to enter into this Credit Agreement.

14.5 Payments.

14.5.1 Payments to Administrative Agent. A payment by the Borrower to the Administrative Agent hereunder or under any of the other Loan Documents for the account of any Bank or Co-Agent shall constitute a payment to such Bank or Co-Agent. The Administrative Agent shall promptly distribute to each Bank and Co-Agent such Bank's or, as the case may be, Co-Agent, pro rata share of payments received by the Administrative Agent for the account of the Banks and the Co-Agents except as otherwise expressly provided herein or in any of the other Loan Documents.

14.5.2 Distribution by Administrative Agent. If in the reasonable opinion of the Administrative Agent the distribution of any amount received by it in such capacity hereunder, under the Notes, or under any of the other Loan Documents might involve it in liability, it may refrain from making distribution until its right to make the same shall have been adjudicated by a court of competent jurisdiction. If any Government Authority shall adjudge that any amount received and distributed by the Administrative Agent is to be repaid, each Person to whom any such distribution shall have been made shall either repay to the Administrative Agent its proportionate share of the amount so adjudged to be repaid or shall pay over the same in such manner and to such Persons as shall be determined by such Government Authority.

14.5.3 Delinquent Banks. Notwithstanding anything to the contrary contained in this Credit Agreement or any of the other Loan Documents, any Bank that fails (a) to make available to the Administrative Agent its pro rata share of any Loan, (b) to purchase any Letter of Credit Participation as, when, and to the full extent required by the provisions of this Credit Agreement, or (c) to comply with the provisions of Section 13 with respect to making dispositions and arrangements with the other Banks, where such Bank's share of any payment received, whether by setoff or otherwise, is in excess of its pro rata share of such payments due and payable to all of the Banks, in each case as, when, and to the full extent required by the provisions of this Credit Agreement, shall be deemed delinquent (a "Delinquent Bank") and shall be deemed a Delinquent Bank until such time as such delinquency is satisfied. A Delinquent Bank shall be deemed to have assigned any and all payments due to it from the Borrower, whether on account of outstanding Loans, Unpaid Reimbursement Obligations, interest, fees, or otherwise, to the remaining nondelinquent Banks for application to, and reduction of, their respective pro rata shares of all outstanding Loans and Unpaid Reimbursement Obligations. The Delinquent Bank hereby authorizes the Administrative Agent to distribute such payments to the nondelinquent Banks in proportion to their respective pro rata shares of all outstanding Loans and Unpaid Reimbursement Obligations. A Delinquent Bank shall be deemed to have satisfied in full a delinquency when and if, as a result of application of the assigned payments to all outstanding Loans and Unpaid Reimbursement Obligations of the non-delinquent Banks, the Banks' respective pro rata shares of all outstanding Loans and Unpaid Reimbursement Obligations have returned to those in effect immediately prior to such delinquency and without giving effect to the nonpayment causing such delinquency.

14.6 Holders of Notes. Subject to Section 18, the Administrative Agent may deem and treat the payee of any Note or purchaser of any Letter of Credit Participation as the absolute owner thereof for all purposes hereof until it shall have been furnished in writing with a different name by such payee or by a subsequent holder, assignee, or transferee.

14.7 Indemnity. The Banks ratably shall indemnify and hold harmless the Administrative Agent from and against any and all Proceedings (whether groundless or otherwise), losses, damages, costs, expenses (including any expenses for which the Administrative Agent has not been reimbursed by the Borrower as required by Section 15), and liabilities of every nature and character arising out of or related to this Credit Agreement, the Notes, any of the other Loan Documents, or the transactions contemplated or evidenced hereby or thereby, or the Administrative Agent's actions taken hereunder or thereunder, except to the extent that any of the same shall be directly caused by the Administrative Agent's willful misconduct or gross negligence.

14.8 Administrative Agent and Co-Agents as Banks. In its individual capacity, Bank of America, N.A., The Chase Manhattan Bank and Deutsche Bank AG, New York and/or Cayman Islands Branches shall have the same obligations and the same rights, powers, and privileges in respect to its Commitment and the Loans made by it, and as the holder of any of the Notes and as the purchase of any Letter of Credit Participations, as it would have were it not also the Administrative Agent and/or a Co-Agent.

14.9 Resignation. The Administrative Agent and/or any Co-Agent may resign at any time by giving sixty (60) days' prior written notice thereof to the Banks and the Borrower. Upon any such resignation, the Majority Banks shall have the right to appoint a successor Administrative Agent and/or Co-Agent, as the case may be. Unless an Event of Default shall have occurred and be continuing, such successor Administrative Agent and/or Co-Agent shall be reasonably acceptable to the Borrower. If no successor Administrative Agent and/or Co-Agent shall have been so appointed by the Majority Banks and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent's and/or Co-Agent's giving of notice of resignation, then the retiring Administrative Agent and/or Co-Agent may, on behalf of the Banks, appoint a successor, which shall be a financial institution having a rating of not less than A or its equivalent by Standard & Poor's Ratings Services. Upon the acceptance of any appointment as Administrative Agent and/or Co-Agent hereunder by a successor, such successor shall thereupon succeed to and become vested with all the rights, powers, privileges, and duties of the retiring Administrative Agent and/or Co-Agent, and the retiring Administrative Agent and/or Co-Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's and/or Co-Agent's resignation, the provisions of this Credit Agreement and the other Loan Documents shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

14.10 Notification of Defaults and Events of Default. Upon learning of the existence of a Default or an Event of Default, a Bank or Co-Agent shall promptly notify the Administrative Agent thereof. Upon receipt of any notice under this Section 14.10, the Administrative Agent shall promptly notify the other Banks of the existence of such Default or Event of Default.

14.11 Duties in the Case of Enforcement. In case one or more Events of Default shall have occurred and be continuing, and whether or not acceleration of the Obligations shall have occurred, the Administrative Agent shall, if (a) so requested by the Majority Banks and (b) the Banks have provided to the Administrative Agent such additional indemnities and assurances against expenses and liabilities as the Administrative Agent may reasonably request, proceed to enforce the provisions of the Loan Documents and exercise all or any such other legal, equitable, and other rights or remedies as it may have under the Loan Documents. The Majority Banks may direct the Administrative Agent in writing as to the method and the extent of any such action, the Banks hereby agreeing to indemnify and hold the Administrative Agent harmless from all liabilities incurred in respect of all actions taken or

omitted in accordance with such directions, provided that the Administrative Agent need not comply with any such direction to the extent that the Administrative Agent reasonably believes the Administrative Agent's compliance with such direction to be unlawful or commercially unreasonable in any applicable jurisdiction.

15. EXPENSES.

The Borrower shall upon demand either, as the Banks, the Co-Agents or the Administrative Agent may require and regardless of whether any Loans are made hereunder, pay in the first instance or reimburse the Banks, the Co-Agents and the Administrative Agent (to the extent that payments for the following items are not made under the other provisions hereof) for (a) the reasonable out-of-pocket costs of producing and reproducing this Credit Agreement, the other Loan Documents, and the other agreements and instruments mentioned herein, (b) reasonable out-of-pocket expenses incurred in connection with the syndication of this facility, (c) any taxes (including any interest and penalties in respect thereto) payable by the Administrative Agent, any of the Co-Agents or any of the Banks (other than taxes based upon the Administrative Agent's, any Co-Agent's or any Bank's income or profits) on or with respect to the transactions contemplated by this Credit Agreement, (d) the reasonable fees, expenses, and disbursements of the Co-Agent's special counsel incurred in connection with the preparation, the administration, or interpretation of the Loan Documents, the other instruments mentioned herein, and the term sheet for the transactions contemplated by this Credit Agreement, each closing hereunder, and amendments, modifications, approvals, consents or waivers hereto or hereunder, (e) the reasonable fees, expenses, and disbursements of the Administrative Agent incurred by the Administrative Agent in connection with the preparation, administration, or interpretation of the Loan Documents and other instruments mentioned herein, (f) all reasonable out-of-pocket expenses (including reasonable attorneys' fees and costs, which attorneys may be employees of any Bank, any Co-Agent or the Administrative Agent, and reasonable consulting, accounting, appraisal, investment banking, and similar professional fees and charges) incurred by any Bank, any Co-Agent or the Administrative Agent in connection with (i) the enforcement of or preservation of rights under any of the Loan Documents against the Borrower or any of its Subsidiaries or the administration thereof after the occurrence of a Default or Event of Default and (ii) any Proceeding or dispute whether arising hereunder or otherwise, in any way related to any Bank's, any Co-Agent's or the Administrative Agent's relationship with the Borrower or any of its Subsidiaries. The Borrower shall not be responsible under clause (f) above for the fees and costs of more than one law firm in any one jurisdiction with respect to any one Proceeding or set of related Proceedings for the Administrative Agent, the Co-Agents and the Banks, unless any of the Administrative Agent, the Co-Agents and the Banks shall have reasonably concluded that there are legal defenses available to it that are different from or additional to those available to the Borrower or there are other circumstances that in the reasonable judgment of the Administrative Agent, the Co-Agents and the Banks make separate counsel advisable. The covenants of this Section 15 shall survive payment or satisfaction of all other Obligations.

16. INDEMNIFICATION.

The Borrower shall, regardless of whether any Loans are made hereunder, indemnify and hold harmless the Administrative Agent, the Co-Agents and the Banks, together with their respective shareholders, directors, agents, officers, Subsidiaries, and Affiliates, from and against any and all damages, losses, settlement payments, obligations, liabilities, claims, causes of action, and Proceedings, and reasonable costs and expenses in connection therewith, incurred, suffered, sustained, or required to be paid by an indemnified party by reason of or resulting, directly or indirectly, from the transactions contemplated by the Loan Documents, including (a) any actual or proposed use by the Borrower or any of its Subsidiaries of the proceeds of any of the Loans or Letters of Credit, (b) the Borrower or any of its Subsidiaries entering into or performing this Credit Agreement or any of the other Loan Documents, or (c) with respect to the Borrower and its Subsidiaries and their respective properties and assets, the violation of any Environmental Law, the presence, disposal, escape, seepage, leakage, spillage, discharge, emission, release, or threatened release of any Hazardous Substances or any Proceeding brought or threatened with respect to any Hazardous Substances (including claims with respect to wrongful death, personal injury, or damage to property), in each case including the reasonable fees and disbursements of legal counsel and reasonable allocated costs of internal legal counsel incurred in connection with any such Proceeding, provided, however, the Borrower shall not be obligated to indemnify any party for any damages, losses, settlement payments, obligations, liabilities, claims, causes of action, Proceedings, costs, and expenses that were caused directly by (i) the gross negligence or willful misconduct of the indemnified party or (ii) any breach by any Bank of its obligation to fund a Loan pursuant to this Credit Agreement, provided that the Borrower is not then in Default. In Proceedings, or the preparation therefor, the indemnified parties shall be entitled to select their legal counsel and, in addition to the foregoing indemnity, the Borrower shall, promptly upon demand, pay in the first instance, or reimburse the indemnified parties for, the reasonable fees and expenses of such legal counsel. The Borrower shall not be responsible under this section for the fees and costs of more than one law firm in any one jurisdiction for the Borrower and the indemnified parties with respect to any one Proceeding or set of related Proceedings, unless any indemnified party shall have reasonably concluded that there are legal defenses available to it that are different from or additional to those available to the Borrower or there are other circumstances that in the reasonable judgment of the indemnified parties make separate counsel advisable. If, and to the extent that the obligations of the Borrower under this Section 16 are unenforceable for any reason, the Borrower shall make the maximum contribution to the payment in satisfaction of such obligations that is permissible under applicable law. The covenants contained in this Section 16 shall survive payment or satisfaction in full of all other Obligations.

17. SURVIVAL OF COVENANTS, ETC.

All covenants, agreements, representations, and warranties made herein, in the Notes, in any of the other Loan Documents, or in any documents or other papers delivered by or on behalf of the Borrower or any of its Subsidiaries pursuant hereto shall be deemed to have been relied upon by the Banks, the Co-Agent and the Administrative Agent, notwithstanding any investigation heretofore or hereafter made by any of them, and shall survive the making by the Banks of the Loans and the issuance, extension or renewal of any Letters of Credit, as herein contemplated, and shall continue in full force and effect so long as any Letter of Credit or amount due under this Credit Agreement or the Notes or any of the other Loan Documents remains outstanding or any Bank has any obligation to make any Loans or any of the Co-Agents has any obligation to issue, extend, or renew any Letter of Credit, and for such further time as may be otherwise expressly specified in this Credit Agreement. All statements contained in any certificate or other paper delivered to any Bank, any Co-Agent or the Administrative Agent at any time by or on behalf of the Borrower or any of its Subsidiaries pursuant hereto or in connection with the transactions contemplated hereby shall constitute representations and warranties by the Borrower or such Subsidiary hereunder.

18. ASSIGNMENT AND PARTICIPATION.

18.1 Conditions to Assignment by Banks. Except as provided herein, each Bank may assign to one or more Eligible Assignees all or a portion of its interests, rights, and obligations under this Credit Agreement (including all or a portion of its Commitment Percentage and Commitment and the same portion of the Loans at the time owing to it and its participating interest in the risk relating to any Letters of Credit) and the Notes held by it; provided that (a) the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower shall have given its prior written consent to such assignment, which consent, in the case of the Borrower, will not be unreasonably withheld, provided that, if no Event of Default has occurred and is continuing, no Bank may assign its rights and obligations hereunder if such assignment would result in a reduction of or a withdrawal of the then current rating of the commercial paper notes of the Borrower (b) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Bank's rights and obligations under this Credit Agreement, (c) each assignment of less than all of the assigning Bank's rights and obligations under this Credit Agreement, shall be in an amount equal to $10,000,000 or in integral multiples of $1,000,000 in excess thereof, and (d) the parties to such assignment shall execute and deliver to the Administrative Agent, for recording in the Register (as hereinafter defined), an Assignment and Acceptance, substantially in the form of Exhibit J hereto (an "Assignment and Acceptance"), together with any Notes subject to such assignment. Upon such execution, delivery, acceptance, and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five (5) Business Days after the execution thereof, (i) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Bank hereunder, and (ii) the assigning Bank shall, to the extent provided in such assignment and upon payment to the Administrative Agent of the registration fee referred to in Section 18.3, be released from its obligations under this Credit Agreement.

18.2 Certain Representations and Warranties; Limitations; Covenants. By executing and delivering an Assignment and Acceptance, the parties to the assignment thereunder confirm to and agree with each other and the other parties hereto as follows: (a) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, the assigning Bank makes no representation or warranty, express or implied, and assumes no responsibility with respect to any statements, warranties, or representations made in or in connection with this Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency, or value of this Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto; (b) the assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower and its Subsidiaries or any other Person primarily or secondarily liable in respect of any of the Obligations, or the performance or observance by the Borrower and its Subsidiaries or any other Person primarily or secondarily liable in respect of any of the Obligations or any of their obligations under this Credit Agreement or any of the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (c) such assignee confirms that it has received a copy of this Credit Agreement, together with copies of the most recent financial statements referred to in Section 6.4 and Section 7.4 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (d) such assignee will, independently and without reliance upon the assigning Bank, the Administrative Agent, or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Credit Agreement; (e) such assignee represents and warrants that it is an Eligible Assignee; (f) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto; (g) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Credit Agreement are required to be performed by it as a Bank; (h) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; and (i) such assignee acknowledges that it has made arrangements with the assigning Bank satisfactory to such assignee with respect to its pro rata share of Letter of Credit Fees in respect of outstanding Letters of Credit.

18.3 Register. The Administrative Agent shall maintain a copy of each Assignment and Acceptance delivered to it and a register or similar list (the "Register") for the recordation of the names and addresses of the Banks and the Commitment Percentage of, and principal amount of the Loans owing to, and Letter of Credit Participations purchased by the Banks from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent, and the Banks may treat each Person whose name is recorded in the Register as a Bank hereunder for all purposes of this Credit Agreement. The Register shall be available for inspection by the Borrower and the Banks at any reasonable time and from time to time upon reasonable prior notice. Upon each such recordation, the assigning Bank agrees to pay to the Administrative Agent a registration fee in the sum of $3,500.

18.4 New Notes. Upon its receipt of an Assignment and Acceptance executed by the parties to such assignment, together with each Note subject to such assignment, the Administrative Agent shall (a) record the information contained therein in the Register, and (b) give prompt notice thereof to the Borrower and the Banks (other than the assigning Bank). Within five (5) Business Days after receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent, in exchange for each surrendered Note, a new Note to the order of such Eligible Assignee in an amount equal to the amount assumed by such Eligible Assignee pursuant to such Assignment and Acceptance and, if the assigning Bank has retained some portion of its obligations hereunder, a new Note to the order of the assigning Bank in an amount equal to the amount retained by it hereunder. Such new Notes shall provide that they are replacements for the surrendered Notes, shall be in an aggregate principal amount equal to the aggregate principal amount of the surrendered Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of the assigned Notes. The surrendered Notes shall be cancelled and returned to the Borrower.

18.5 Participations. Each Bank may sell participations to one or more banks or other entities in all or a portion of such Bank's rights and obligations under this Credit Agreement and the other Loan Documents; provided that (a) any such sale or participation shall not affect the rights and duties of the selling Bank hereunder to the Borrower, (b) the only rights granted to the participant pursuant to such participation arrangements with respect to waivers, amendments, or modifications of the Loan Documents shall be the rights to approve waivers, amendments or modifications that require the unanimous consent of the Banks pursuant to Section 25 and (c) such participation shall be in a minimum amount of $1,000,000 or in integral multiples of $1,000,000 in excess thereof. Each Bank shall, promptly upon request of the Borrower in each instance, disclose to the Borrower the parties to which such Bank has granted participations under this section unless such Bank is subject to a contractual restriction not to do so.

18.6 Disclosure. Any Bank may disclose information obtained by such Bank pursuant to this Credit Agreement to assignees or participants and potential assignees or participants hereunder subject to Section 7.4(e).

18.7 Assignee or Participant Affiliated with the Borrower. If any assignee Bank is an Affiliate of the Borrower, then any such assignee Bank shall have no right to vote as a Bank hereunder or under any of the other Loan Documents for purposes of granting consents or waivers or for purposes of agreeing to amendments or other modifications to any of the Loan Documents or for purposes of making requests to the Administrative Agent pursuant to Section 12, and the determination of the Majority Banks shall for all purposes of this Agreement and the other Loan Documents be made without regard to such assignee Bank's interest in any of the Loans. If any Bank sells a participating interest in any of the Loans or Reimbursement Obligations to a participant, and such participant is the Borrower or an Affiliate of the Borrower, then such transferor Bank shall promptly notify the Administrative Agent of the sale of such participation. A transferor Bank shall have no right to vote as a Bank hereunder or under any of the other Loan Documents for purposes of granting consents or waivers or for purposes of agreeing to amendments or modifications to any of the Loan Documents or for purposes of making requests to the Administrative Agent pursuant to Section 12 to the extent that such participation is beneficially owned by the Borrower or any Affiliate of the Borrower, and the determination of the Majority Banks shall for all purposes of this Agreement and the other Loan Documents be made without regard to the interest of such transferor Bank in the Loans to the extent of such participation.

18.8 Miscellaneous Assignment Provisions. Any assigning Bank shall retain its rights to be indemnified pursuant to Sections 5.8, 5.9, 15, and 16 with respect to any claims or actions arising prior to the date of the assignment. If any assignee Bank is not incorporated under the laws of the United States of America or any state thereof, it shall, prior to the date on which any interest or fees are payable hereunder or under any of the other Loan Documents for its account, deliver to the Borrower and the Administrative Agent certification as to its exemption from deduction or withholding of any United States federal income taxes. Anything contained in this Section 18 to the contrary notwithstanding, any Bank may at any time pledge all or any portion of its interest and rights under this Credit Agreement (including all or any portion of its Notes) to any of the twelve Federal Reserve Banks organized under §4 of the Federal Reserve Act, 12 U.S.C. §341. No such pledge or the enforcement thereof shall release the pledgor Bank from its obligations hereunder or under any of the other Loan Documents.

18.9 Assignment by Borrower. The Borrower shall not assign or transfer any of its rights or obligations under any of the Loan Documents without the prior written consent of each of the Banks.

19. NOTICES, ETC.

Except as otherwise expressly provided in this Credit Agreement, all notices and other communications made or required to be given pursuant to this Credit Agreement or the Notes or any Letter of Credit Applications shall be in writing and shall be delivered in hand, mailed by United States registered or certified first class mail, postage prepaid, sent by overnight courier, or sent by telegraph, telecopy, telefax or telex and confirmed by delivery via courier or postal service, addressed as follows:

(a) if to the Borrower, at 1345 Avenue of the Americas, New York, New York 10105 (Telecopy Number (212) 969-6260), Attention: Treasurer, with a copy sent via the same means to General Counsel of the Borrower at 1345 Avenue of the Americas, New York, New York 10105 (Telecopy Number (212) 969-1334), or at such other address for notice as any of such Persons shall last have furnished in writing to the Person giving the notice;

(b) if to Bank of America, whether individually or as Administrative Agent or Co-Agent,

(i) at 101 North Tryon Street, Charlotte, North Carolina 28255, Agency Services – Independence Center NC1-001-1504 (Telecopy Number (704) 409–0002), Attention: Herbert Boyd, Ref: Alliance Capital Management L.P.,

(ii) all financial information at Credit Compliance, 231 South LaSalle Street, Chicago, Illinois 60697 (Telecopy Number (312) 987-0889), Attention: Lizet Flores, Mehul Mehta and Allison Ryan,

(iii) with a copy sent via the same means to Paul, Hastings, Janofsky & Walker LLP, 600 Peachtree Street, N.E., Suite 2400, Atlanta, Georgia 30308-2222 (Telecopy Number: (404) 815-2424), Attention: Chris D. Molen, Esq.,

or such other address for notice as such Person shall last have furnished in writing to the Person giving the notice;

(c) if to any Bank, at such Bank's address set forth on Schedule 1 hereto, or such other address for notice as such Bank shall have last furnished in writing to the Person giving the notice.

Any such notice or demand shall be deemed to have been duly given or made and to have become effective (i) if delivered by hand, overnight courier or telecopy to a responsible officer of the party to which it is directed, at the time of the receipt thereof by such officer or the sending of such telecopy, or when delivery (if other than by telecopy) is duly attempted and refused, and (ii) if sent by registered or certified first-class mail, postage prepaid, on the third Business Day following the mailing thereof.

20. GOVERNING LAW.

THIS CREDIT AGREEMENT AND, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED THEREIN, EACH OF THE OTHER LOAN DOCUMENTS ARE CONTRACTS UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WHOLLY WITHIN SUCH STATE. EACH OF THE ADMINISTRATIVE AGENT, THE CO-AGENTS, THE BANKS, AND THE BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS CREDIT AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE BORROWER BY MAIL AT THE ADDRESS SPECIFIED IN SECTION 19. EACH OF THE ADMINISTRATIVE AGENT, THE CO-AGENTS, THE BANKS, AND THE BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

21. HEADINGS.

The captions in this Credit Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

22. COUNTERPARTS.

This Credit Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. In proving this Credit Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought. Any signatures delivered after the Closing Date by a party by facsimile transmission shall be deemed an original signature hereto.

23. ENTIRE AGREEMENT, ETC.

The Loan Documents and any other documents executed in connection herewith or therewith express the entire understanding of the parties with respect to the transactions contemplated hereby. Neither this Credit Agreement nor any term hereof may be changed, waived, discharged or terminated, except as provided in Section 25.

24. WAIVER OF JURY TRIAL.

EACH OF THE ADMINISTRATIVE AGENT, THE CO-AGENTS, THE BANKS, AND THE BORROWER HEREBY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY PROCEEDING ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS CREDIT AGREEMENT, THE NOTES, OR ANY OF THE OTHER LOAN DOCUMENTS, AND RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER, OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS. EXCEPT AS PROHIBITED BY LAW, EACH OF THE ADMINISTRATIVE AGENT, THE BANKS, THE CO-AGENTS AND THE BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY PROCEEDING REFERRED TO IN THE PRECEDING SENTENCE ANY SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE BORROWER (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY BANK, ANY CO-AGENT OR THE ADMINISTRATIVE AGENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH BANK, SUCH CO-AGENT OR THE ADMINISTRATIVE AGENT WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (B) ACKNOWLEDGES THAT EACH OF THE ADMINISTRATIVE AGENT, THE CO-AGENTS AND THE BANKS HAS BEEN INDUCED TO ENTER INTO THIS CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

25. CONSENTS, AMENDMENTS, WAIVERS, ETC.

Except as otherwise expressly provided in this Credit Agreement, any term of this Credit Agreement, the other Loan Documents, or any other instrument related hereto or mentioned herein may be amended with, but only with, the written consent of the Borrower and the Majority Banks. Any consent or approval required or permitted by this Credit Agreement to be given by the Banks may be given, any acceleration of amounts owing under the Loan Documents may be rescinded, and the performance or observance by the Borrower of any terms of this Credit Agreement, the other Loan Documents, or any other instrument related hereto or mentioned herein or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Majority Banks. Notwithstanding the foregoing, the rate of interest on the Notes (other than interest accruing pursuant to Section 5.10 following the effective date of any waiver by the Majority Banks of the Default or Event of Default relating thereto), the term of the Notes, the definition of Maturity Date, the amount of the Commitments of the Banks, and the amount of facility fees hereunder or Letter of Credit Fees may not be changed without the written consent of the Borrower and the written consent of Banks holding one hundred percent (100%) of the outstanding principal amount of the Notes (or, if no Notes are outstanding, Commitments representing one hundred percent (100%) of the Total Commitment); neither this Section 25 nor the definition of Majority Banks may be amended without the written

consent of all of the Banks; and the amount of the Administrative Agent's fee or Letter of Credit Fees and Section 14 may not be amended without the written consent of the Administrative Agent. No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. No course of dealing or delay or omission on the part of any Bank in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrower shall entitle the Borrower to other or further notice or demand in similar or other circumstances. Neither the Administrative Agent nor any Bank has any fiduciary relationship with or fiduciary duty to the Borrower arising out of or in connection with this Credit Agreement or any of the other Loan Documents, and the relationship between the Administrative Agent and the Banks, on the one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor.

26. SEVERABILITY.

The provisions of this Credit Agreement are severable and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Credit Agreement in any jurisdiction.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the undersigned have duly executed this Credit Agreement as a sealed instrument as of the date first set forth above.

BORROWER: ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, its General Partner

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

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

ADMINISTRATIVE AGENT: BANK OF AMERICA, N.A.

By: /s/ Mehul Mehta

Name: Mehul Mehta
Title: Vice President

SYNDICATION AGENT: THE CHASE MANHATTAN BANK

By: /s/ Peter Platten

Name: Peter Platten
Title: Vice President

DOCUMENTATION AGENT: DEUTCHE BANK AG, NEW YORK AND/OR CAYMAN ISLANDS BRANCHES

By: /s/ Alan Krouck

Name: Alan Krouck
Title: Vice President

By: /s/ Suzanne Kissling

Name: Suzanne Kissling
Title: Managing Director

BANKS: BANK OF AMERICA, N.A.

By: /s/ Mehul Mehta

Name: Mehul Mehta
Title: Vice President

THE CHASE MANHATTAN BANK

By: /s/ Peter Platten

Name: Peter Platten
Title: Vice President

DEUTSCHE BANK AG, NEW YORK AND/OR CAYMAN ISLANDS BRANCHES

By: /s/ Alan Krouck

Name: Alan Krouck

Title: Vice President

By: /s/ Suzanne Kissling

Name: Suzanne Kissling
Title: Managing Director

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

Basic Net Income Per Alliance Holding Unit (in thousands)	2000	1999
Equity in earnings of Operating Partnership	$209,525	$185,447
Income taxes	23,663	21,128
Net income - Basic	$185,862	$164,319
Weighted average Alliance Holding Units outstanding - Basic	72,286	71,354
Basic net income per Alliance Holding Unit	$2.57	$2.30

Diluted Net Income Per Alliance Holding Unit (in thousands)		
Net income - Basic	$185,862	$164,319
Additional allocation of equity in earnings of the Operating Partnership resulting from assumed dilutive effect of employee options	11,914	8,200
Net income – Diluted	$197,776	$172,519
Weighted average Alliance Holding Units outstanding – Diluted	79,030	76,507
Diluted net income per Alliance Holding Unit	$2.50	$2.25

SUBSIDIARIES OF ALLIANCE CAPITAL

Alliance Capital Management Corporation of Delaware
(Delaware)

ACM Software Services Ltd.
(Delaware)

Alliance Capital Asset Management (India) Private Ltd.
(India)

Alliance Capital Australia Limited
(Australia)

Alliance Capital Management Australia Limited
(Australia)

Alliance Capital Management New Zealand Limited
(New Zealand)

Alliance Capital Management (Asia) Ltd.
(Delaware)

Alliance Capital (Mauritius) Private Limited
(Mauritius)

Alliance Corporate Finance Group Incorporated
(Delaware)

Alliance Capital Management (Brasil) Ltda.
(Brazil)

ACAM Trust Company Private Limited
(India)

Alliance Capital Management Canada, Inc.
(Canada)

Alliance Capital Management (Turkey) Ltd.
(Delaware)

Alliance Capital (Luxembourg) S.A.
(Luxembourg)

Alliance Eastern Europe Inc.
(Delaware)

Alliance Capital Global Derivatives Corporation
(Delaware)

Alliance Barra Research Institute, Inc.
(Delaware)

Alliance Fund Distributors, Inc.
(Delaware)

Alliance Global Investor Services, Inc.
(Delaware)

Alliance Capital Oceanic Corporation
(Delaware)

Alliance Capital Asset Management (Japan) Ltd.
(Delaware)

ACM Global Investor Services S.A.
(Luxembourg)

ACM Fund Services (Espana) S.L.
(Spain)

Alliance Capital Limited
(UK)

Alliance Capital Services Limited
(UK)

Cursitor Alliance LLC
(Delaware)

Alliance Cecogest
(France)

Cursitor-Eaton Asset Management Company
(New York)

Cursitor Alliance Holdings Limited
(UK)

Cursitor Management Co. SA
(Luxembourg)

Alliance Asset Allocation Limited
(UK)

Dimensional Trust Management Limited
(UK)

Draycott Partners, Ltd.
(Massachusetts)

Cursitor Alliance Services Limited
(UK)

Meiji-Alliance Capital Corporation
(Delaware)

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

ACM New-Alliance (Luxembourg) S.A.
(Luxembourg)

East Fund Managementberatung GmbH
(Austria)

East Fund Management (Cyprus) LTD
(Cyprus)

EFM Consultanta Financiara Bucuresti SRL
(Romania)

ACM CIIC Investment Management Limited
(Cayman Islands)

BCN Alliance Capital Management S.A.
(Brazil)

Alliance Capital Management (Singapore) Ltd.
(Singapore)

Alliance Capital Management (Proprietary) Limited
(South Africa)

Alliance-Odyssey Capital Management (Namibia)(Proprietary) Limited
(Namibia)

Alliance-MBCA Capital (Private) Limited
(Zimbabwe)

Alliance Capital Whittingdale Limited
(UK)

ACM Investments Limited
(UK)

Whittingdale Holdings Limited
(UK)

Whittingdale Nominees Limited
(UK)

Alliance Capital Management LLC
(Delaware)

Sanford C. Bernstein & Co., LLC
(Delaware)

Sanford C. Bernstein Limited
(UK)

Sanford C. Bernstein Proprietary Limited
(Australia)

Independent Auditors' Consent

The General Partner
Alliance Capital Management Holding L.P.:

We consent to the inclusion of our report dated February 2, 2001 with respect to the consolidated statements of financial condition of Alliance Capital Management Holding L.P. ("Alliance Holding") as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in partners' capital and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2000 included herein the annual report on Form 10-K of Alliance Holding.

New York, New York
March 30, 2001

Independent Auditors' Consent

The General Partner
Alliance Capital Management L.P.:

We consent to the inclusion of our report dated February 2, 2001 with respect to the consolidated statements of financial condition of Alliance Capital Management L.P. and subsidiaries ("Alliance Capital") as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in partners' capital and comprehensive income, and cash flows for the year ended December 31, 2000 and the two-month period ended December 31, 1999; and the related consolidated statements of income, changes in partners' capital and comprehensive income, and cash flows of Alliance Capital Management Holding L.P. for the ten-month period ended October 29, 1999 (date of Reorganization) and for the year ended December 31, 1998, included herein the annual report on Form 10-K of Alliance Capital.

New York, New York
March 30, 2001

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Donald Hood Brydon

Donald Hood Brydon

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Henri de Castries

Henri de Castries

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Denis Duverne

Denis Duverne

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Richard S. Dziadzio

Richard Dziadzio

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Alfred Harrison

Alfred Harrison

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Hervé Hatt

Hervé Hatt

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Michael Hegarty

Michael Hegarty

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Roger Hertog

Roger Hertog

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Benjaim D. Holloway

Benjamin D. Holloway

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ W. Edwin Jarmain

W. Edwin Jarmain

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Edward D. Miller

Edward D. Miller

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Peter D. Noris

Peter D. Noris

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Lewis A. Sanders

Lewis A. Sanders

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Peter J. Tobin

Peter J. Tobin

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 16, 2001

/s/ Stanley B. Tulin

Stanley B. Tulin