

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-29961

**ALLIANCEBERNSTEIN L.P.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

13-4064930

(I.R.S. Employer Identification No.)

1345 Avenue of the Americas, New York, NY 10105

(Address of principal executive offices)

(Zip Code)

(212) 969-1000

(Registrant's telephone number, including area code)

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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of units representing assignments of beneficial ownership of limited partnership interests outstanding as of September 30, 2007 was 260,118,297.

ALLIANCEBERNSTEIN L.P.

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## Part I

## FINANCIAL INFORMATION

Item 1. Financial Statements

**ALLIANCEBERNSTEIN L.P.  
AND SUBSIDIARIES**  
Condensed Consolidated Statements of Financial Condition  
(in thousands, except unit amounts)

	<b>September 30, 2007</b>	<b>December 31, 2006</b>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 687,429	\$ 692,658
Cash and securities segregated, at market (cost: \$1,227,324 and \$1,863,133)	1,230,055	1,863,957
Receivables, net:		
Brokers and dealers	2,750,383	2,445,552
Brokerage clients	382,285	485,446
Fees, net	706,409	557,280
Investments	707,182	543,653
Furniture, equipment and leasehold improvements, net	334,426	288,575
Goodwill, net	2,893,029	2,893,029
Intangible assets, net	269,388	284,925
Deferred sales commissions, net	187,629	194,950
Other investments	276,559	203,950
Other assets	170,370	147,130
<b>Total assets</b>	<b>\$ 10,595,144</b>	<b>\$ 10,601,105</b>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
Liabilities:		
Payables:		
Brokers and dealers	\$ 536,950	\$ 661,790
Brokerage clients	3,716,906	3,988,032
AllianceBernstein mutual funds	195,419	266,849
Accounts payable and accrued expenses	346,235	333,007
Accrued compensation and benefits	908,182	392,014
Debt	163,000	334,901
Minority interests in consolidated subsidiaries	135,865	53,515
<b>Total liabilities</b>	<b>6,002,557</b>	<b>6,030,108</b>
Commitments and contingencies (See Note 5)		
Partners' capital:		
General Partner	46,212	46,416
Limited partners: 260,118,297 and 259,062,014 units issued and outstanding	4,590,951	4,584,200
Capital contributions receivable from General Partner	(28,133)	(29,590)
Deferred compensation expense	(68,501)	(63,196)
Accumulated other comprehensive income	52,058	33,167
<b>Total partners' capital</b>	<b>4,592,587</b>	<b>4,570,997</b>
<b>Total liabilities and partners' capital</b>	<b>\$ 10,595,144</b>	<b>\$ 10,601,105</b>

See Accompanying Notes to Condensed Consolidated Financial Statements.

**ALLIANCEBERNSTEIN L.P.**  
**AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Income**  
(in thousands, except per unit amounts)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
<b>Revenues:</b>				
Investment advisory and services fees	\$ 870,282	\$ 677,914	\$ 2,490,961	\$ 1,994,846
Distribution revenues	120,289	103,810	351,438	311,096
Institutional research services	103,552	87,908	305,355	286,306
Dividend and interest income	72,665	63,680	211,042	180,470
Investment gains (losses)	25,507	18,571	67,143	29,263
Other revenues	15,549	29,794	94,032	99,314
<b>Total revenues</b>	<b>1,207,844</b>	<b>981,677</b>	<b>3,519,971</b>	<b>2,901,295</b>
Less: Interest expense	55,022	46,966	164,040	137,586
<b>Net revenues</b>	<b>1,152,822</b>	<b>934,711</b>	<b>3,355,931</b>	<b>2,763,709</b>
<b>Expenses:</b>				
Employee compensation and benefits	446,938	375,655	1,363,350	1,119,782
Promotion and servicing:				
Distribution plan payments	86,230	71,414	248,754	215,254
Amortization of deferred sales commissions	23,739	21,679	73,253	71,649
Other	61,192	52,771	182,612	161,585
General and administrative	144,276	132,041	426,500	386,321
Interest on borrowings	5,965	5,936	20,484	20,219
Amortization of intangible assets	5,179	5,182	15,537	15,532
	<b>773,519</b>	<b>664,678</b>	<b>2,330,490</b>	<b>1,990,342</b>
<b>Operating income</b>	<b>379,303</b>	<b>270,033</b>	<b>1,025,441</b>	<b>773,367</b>
Non-operating income	3,353	3,112	11,566	16,293
<b>Income before income taxes</b>	<b>382,656</b>	<b>273,145</b>	<b>1,037,007</b>	<b>789,660</b>
Income taxes	34,574	20,171	86,295	48,011
<b>Net income</b>	<b>\$ 348,082</b>	<b>\$ 252,974</b>	<b>\$ 950,712</b>	<b>\$ 741,649</b>
<b>Net income per unit:</b>				
Basic	<b>\$ 1.33</b>	<b>\$ 0.97</b>	<b>\$ 3.62</b>	<b>\$ 2.85</b>
Diluted	<b>\$ 1.32</b>	<b>\$ 0.96</b>	<b>\$ 3.60</b>	<b>\$ 2.83</b>

See Accompanying Notes to Condensed Consolidated Financial Statements.

**ALLIANCEBERNSTEIN L.P.**  
**AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)  
(unaudited)

	<b>Nine Months Ended September 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 950,712	\$ 741,649
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Amortization of deferred sales commissions	73,253	71,649
Amortization of non-cash deferred compensation	37,483	35,301
Depreciation and other amortization	78,283	57,487
Other, net	(48,079)	(15,697)
<b>Changes in assets and liabilities:</b>		
Decrease in segregated cash and securities	633,902	341,990
(Increase) in receivable from brokers and dealers	(290,503)	(482,204)
Decrease in receivable from brokerage clients	114,685	22,538
(Increase) in fees receivable, net	(134,991)	(80,983)
(Increase) in trading investments	(162,517)	(179,400)
(Increase) in deferred sales commissions	(65,931)	(71,791)
(Increase) decrease in other investments	(48,983)	20,815
(Increase) decrease in other assets	(19,689)	8,810
(Decrease) increase in payable to brokers and dealers	(136,988)	25,522
(Decrease) increase in payable to brokerage clients	(284,728)	194,497
(Decrease) in payable to AllianceBernstein mutual funds	(71,430)	(20,330)
Increase (decrease) in accounts payable and accrued expenses	80,004	(70,385)
Increase in accrued compensation and benefits	512,760	419,586
<b>Net cash provided by operating activities</b>	<b>1,217,243</b>	<b>1,019,054</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(17,223)	(54,803)
Proceeds from sales of investments	46,251	2,580
Additions to furniture, equipment and leasehold improvements	(87,852)	(74,954)
Purchase of business, net of cash acquired	—	(16,086)
<b>Net cash used in investing activities</b>	<b>(58,824)</b>	<b>(143,263)</b>
<b>Cash flows from financing activities:</b>		
(Repayment) issuance of commercial paper, net	(191,566)	169,602
Repayment of Senior Notes	—	(400,000)
Cash distributions to General Partner and unitholders	(1,017,702)	(774,885)
Capital contributions from General Partner	2,700	2,281
Additional investment by Holding with proceeds from exercise of compensatory options to buy Holding Units	41,446	63,245
Purchases of Holding Units to fund deferred compensation plans, net	(12,530)	(16,648)
<b>Net cash used in financing activities</b>	<b>(1,177,652)</b>	<b>(956,405)</b>
Effect of exchange rate changes on cash and cash equivalents	14,004	3,377
<b>Net (decrease) in cash and cash equivalents</b>	<b>(5,229)</b>	<b>(77,237)</b>
Cash and cash equivalents as of beginning of period	692,658	654,168
<b>Cash and cash equivalents as of end of period</b>	<b>\$ 687,429</b>	<b>\$ 576,931</b>
<b>Non-cash financing activities:</b>		
Additional investment by Holding through issuance of Holding Units in exchange for cash awards made under the Partners Compensation Plan	\$ —	\$ 47,161

See Accompanying Notes to Condensed Consolidated Financial Statements.

**ALLIANCEBERNSTEIN L.P.**  
**AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**  
**September 30, 2007**  
(unaudited)

*The words “we” and “our” refer collectively to AllianceBernstein Holding L.P. (“Holding”) and AllianceBernstein L.P. and its subsidiaries (“AllianceBernstein”), or to their officers and employees. Similarly, the word “company” refers to both Holding and AllianceBernstein. Where the context requires distinguishing between Holding and AllianceBernstein, we identify which of them is being discussed. Cross-references are in italics.*

*These statements should be read in conjunction with AllianceBernstein’s audited consolidated financial statements included in AllianceBernstein’s Form 10-K for the year ended December 31, 2006.*

**1. Organization and Business Description**

AllianceBernstein provides research, diversified investment management, and related services globally to a broad range of clients. Its principal services include:

- Institutional Investment Services – servicing institutional investors, including unaffiliated corporate and public employee pension funds, endowment funds, domestic and foreign institutions and governments, and affiliates such as AXA and certain of its insurance company subsidiaries, by means of separately managed accounts, sub-advisory relationships, structured products, group trusts, mutual funds (sponsored by AllianceBernstein or an affiliated company), and other investment vehicles.
- Retail Services – servicing individual investors, primarily by means of retail mutual funds sponsored by AllianceBernstein or an affiliated company, sub-advisory relationships in respect of mutual funds sponsored by third parties, separately managed account programs that are sponsored by various financial intermediaries worldwide, and other investment vehicles.
- Private Client Services – servicing high-net-worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations, and other entities, by means of separately managed accounts, hedge funds, mutual funds, and other investment vehicles.
- Institutional Research Services – servicing institutional investors desiring institutional research services including independent, in-depth fundamental research, portfolio strategy, and brokerage-related services.

We also provide distribution, shareholder servicing, and administrative services to the mutual funds we sponsor.

We provide a broad range of investment services with expertise in:

- Value equities, generally targeting stocks that are out of favor and that may trade at bargain prices;
- Growth equities, generally targeting stocks with under-appreciated growth potential;
- Fixed income securities, including both taxable and tax-exempt securities;
- Passive management, including both index and enhanced index strategies; and
- Blend strategies, combining style pure investment components with systematic rebalancing.

We manage these services using various investment disciplines, including market capitalization (e.g., large-, mid-, and small-cap equities), term (e.g., long-, intermediate-, and short-duration debt securities), and geographic location (e.g., U.S., international, global, and emerging markets), as well as local and regional disciplines in major markets around the world.

Our independent, in-depth research is the foundation of our business. Our research disciplines include fundamental research, quantitative research, economic research, and currency forecasting capabilities. In addition, we have created several specialist research units, including one unit that examines global strategic changes that can affect multiple industries and geographies, and another dedicated to identifying potentially successful innovation within early-stage companies.

As of September 30, 2007, AXA, a *société anonyme* organized under the laws of France and the holding company for an international group of insurance and related financial services companies, AXA Financial, Inc. (an indirect wholly-owned subsidiary of AXA, “AXA Financial”), AXA Equitable Life Insurance Company (a wholly-owned subsidiary of AXA Financial, “AXA Equitable”), and certain subsidiaries of AXA Financial, collectively referred to as “AXA and its subsidiaries”, owned approximately 1.7% of the issued and outstanding Holding Units.

As of September 30, 2007, the ownership structure of AllianceBernstein, as a percentage of general and limited partnership interests, was as follows:

AXA and its subsidiaries	62.6%
Holding	33.0
SCB Partners Inc. (a wholly-owned subsidiary of SCB Inc.; formerly known as Sanford C. Bernstein Inc.)	3.1
Other	1.3
	<u>100.0%</u>

AllianceBernstein Corporation (an indirect wholly-owned subsidiary of AXA, “General Partner”) is the general partner of both Holding and AllianceBernstein. AllianceBernstein Corporation owns 100,000 general partnership units in Holding and a 1% general partnership interest in AllianceBernstein. Including the general partnership interests in AllianceBernstein and Holding, and their equity interest in Holding, as of September 30, 2007, AXA and its subsidiaries had an approximate 63.2% economic interest in AllianceBernstein.

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

The interim condensed consolidated financial statements of AllianceBernstein included herein have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the interim results, have been made. The preparation of the condensed consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the interim reporting periods. Actual results could differ from those estimates. The December 31, 2006 condensed consolidated statement of financial condition was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

### *Principles of Consolidation*

The condensed consolidated financial statements include AllianceBernstein and its majority-owned and/or controlled subsidiaries. All significant inter-company transactions and balances among the consolidated entities have been eliminated.

The equity method of accounting is used for unconsolidated joint ventures and, in accordance with Emerging Issues Task Force D-46, “*Accounting for Limited Partnership Investments*”, for investments made in limited partnership hedge funds that we sponsor and manage. The investments are included in “other investments” on the condensed consolidated statements of financial position and the related investment income and gains and losses are included in “other revenues” on the condensed consolidated statements of income.

### *Reclassifications*

Certain prior period amounts have been reclassified to conform to the current year presentation. These include certain reclassifications within operating cash flow related to deferred compensation, other investments, and accrued expenses.

### *Cash Distributions*

AllianceBernstein is required to distribute all of its Available Cash Flow, as defined in the Amended and Restated Agreement of Limited Partnership of AllianceBernstein (“AllianceBernstein Partnership Agreement”), to its unitholders and to the General Partner. Available Cash Flow can be summarized as the cash received by AllianceBernstein from operations minus such amounts as the General Partner determines, in its sole discretion, should be retained by AllianceBernstein for use in its business.

The General Partner computes cash received from operations by determining the sum of:

- net cash provided by operating activities of AllianceBernstein,
- proceeds from borrowings and from sales or other dispositions of assets in the ordinary course of business, and
- income from 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,

and then subtracting from this amount the sum of:

- payments in respect of the principal of borrowings, and
- amounts expended for the purchase of assets in the ordinary course of business.

On October 24, 2007, the General Partner declared a cash distribution of \$346.8 million, or \$1.32 per AllianceBernstein Unit, representing the distribution of Available Cash Flow for the three months ended September 30, 2007. The General Partner, as a result of its 1% general partnership interest, is entitled to receive 1% of each quarterly distribution. The distribution is payable on November 15, 2007 to holders of record as of November 5, 2007.

#### ***Fees Receivable, Net***

Fees receivable are shown net of allowances. An allowance for doubtful accounts related to investment advisory and services fees is determined through an analysis of the aging of receivables, assessments of collectibility based on historical trends and other qualitative and quantitative factors, including the following: our relationship with the client, the financial health (or ability to pay) of the client, current economic conditions and whether the account is closed or active.

#### ***Goodwill, Net***

On October 2, 2000, AllianceBernstein acquired the business and assets of SCB Inc., an investment research and management company formerly known as Sanford C. Bernstein Inc. (“Bernstein”), and assumed the liabilities of Bernstein (“Bernstein Transaction”). The purchase price consisted of a cash payment of approximately \$1.5 billion and 40.8 million newly issued AllianceBernstein Units.

The Bernstein Transaction was accounted for under the purchase method and the cost of the acquisition was allocated on the basis of the estimated fair value of the assets acquired and the liabilities assumed. The excess of the purchase price over the fair value of identifiable assets acquired resulted in the recognition of goodwill of approximately \$3.0 billion.

In accordance with Statement of Financial Accounting Standards No. 142 (“SFAS No. 142”), “*Goodwill and Other Intangible Assets*”, we test goodwill at least annually, as of September 30, for impairment. As of September 30, 2007, the impairment test indicated that goodwill was not impaired.

#### ***Intangible Assets, Net***

Intangible assets consist primarily of costs assigned to investment management contracts of SCB Inc., less accumulated amortization. Intangible assets are being amortized over the estimated useful life of approximately 20 years. The gross carrying amount and accumulated amortization of intangible assets subject to amortization totaled \$414.3 million and \$144.9 million as of September 30, 2007, respectively. Amortization expense was \$5.2 million for the three months ended September 30, 2007 and 2006, and estimated annual amortization expense for each of the next five years is approximately \$20.7 million. Management tests intangible assets for impairment quarterly. Management believes that intangible assets were not impaired as of September 30, 2007.

#### ***Deferred Sales Commissions, Net***

We pay commissions to financial intermediaries in connection with the sale of shares of open-end company-sponsored mutual funds sold without a front-end sales charge (“back-end load shares”). These commissions are capitalized as deferred sales commissions and amortized over periods not exceeding five and one-half years for U.S. fund shares and four years for non-U.S. fund shares, the periods of time during which deferred sales commissions are generally recovered. We recover these commissions from distribution services fees received from those funds and from contingent deferred sales commissions (“CDSC”) received from shareholders of those funds upon the redemption of their shares. CDSC cash recoveries are recorded as reductions of unamortized deferred sales commissions when received. Management tests the deferred sales commission asset for recoverability quarterly and determined that the balance as of September 30, 2007 was not impaired.



### ***Loss Contingencies – Legal Proceedings***

With respect to all significant litigation matters, we conduct a probability assessment of the likelihood of a negative outcome. If we determine the likelihood of a negative outcome is probable, and the amount of the loss can be reasonably estimated, we record an estimated loss for the expected outcome of the litigation as required by Statement of Financial Accounting Standards No. 5 (“SFAS No. 5”), “*Accounting for Contingencies*”, and Financial Accounting Standards Board (“FASB”) Interpretation No. 14, “*Reasonable Estimation of the Amount of a Loss – an interpretation of FASB Statement No. 5*”. If the likelihood of a negative outcome is reasonably possible and we are able to determine an estimate of the possible loss or range of loss, we disclose that fact together with the estimate of the possible loss or range of loss. However, it is difficult to predict the outcome or estimate a possible loss or range of loss because litigation is subject to inherent uncertainties, particularly when plaintiffs allege substantial or indeterminate damages, or when the litigation is highly complex or broad in scope.

### ***Revenue Recognition***

Investment advisory and services base fees, generally calculated as a percentage of assets under management, are recorded as revenue as the related services are performed. Certain investment advisory contracts, including those with hedge funds, provide for a performance-based fee, in addition to or in lieu of a base fee, which 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-based fees are recorded as revenue at the end of each measurement period.

Institutional research services revenue consists of brokerage transaction charges received by Sanford C. Bernstein & Co., LLC (“SCB LLC”) and Sanford C. Bernstein Limited, both wholly-owned subsidiaries of AllianceBernstein, for in-depth research and brokerage-related services provided to institutional investors. Brokerage transaction charges earned and related expenses are recorded on a trade date basis. Distribution revenues, shareholder servicing fees, and interest income are accrued as earned.

### ***Deferred Compensation Plans***

We maintain several unfunded, non-qualified deferred compensation plans under which annual awards to employees are generally made in the fourth quarter. Participants allocate their awards among notional investments in Holding Units, certain of the investment services we provide to our clients, or a money market fund, or investments in options to buy Holding Units. We typically purchase the investments that are notionally elected by the participants and hold such investments, which are classified as trading securities, in a consolidated rabbi trust. Vesting periods for annual awards range from four years to immediate, depending on the terms of the individual awards, the age of the participants, or, in the case of our Chairman and CEO, the terms of his employment agreement (filed as Exhibit 99.31 to Form 8-K, as filed October 31, 2006). Upon vesting, awards are distributed to participants unless they have made a voluntary long-term election to defer receipt. Quarterly cash distributions on unvested Holding Units for which a long-term deferral election has not been made are paid currently to participants. Quarterly cash distributions on notional investments of Holding Units and income credited on notional investments in our investment services or in the money market fund for which a long-term deferral election has been made are reinvested and distributed as elected by participants.

Compensation expense for awards under the plans, including changes in participant account balances resulting from gains and losses on notional investments (other than in Holding Units), is recognized on a straight-line basis over the applicable vesting periods. Mark-to-market gains or losses on investments (other than in Holding Units) are recognized currently as investment gains (losses) in the consolidated statements of income. In addition, our equity in the earnings of investments in limited partnership hedge funds is recognized currently in other revenues in the consolidated statements of income.

### ***Compensatory Option Plans***

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004), (“SFAS No. 123-R”), “*Share Based Payment*”. SFAS No. 123-R requires that compensation cost related to share-based payments, based on the fair value of the equity instruments issued, be recognized in financial statements. We adopted SFAS No. 123-R effective January 1, 2006 utilizing the modified prospective method.

**Variable Interest Entities**

In accordance with FASB Interpretation No. 46 (revised December 2003) (“FIN 46-R”), “*Consolidation of Variable Interest Entities*”, management reviews quarterly its management agreements and its investments in, and other financial arrangements with, certain entities that hold client assets under management to determine the entities that the company is required to consolidate under FIN 46-R. These include certain mutual fund products, hedge funds, structured products, group trusts, and limited partnerships.

We derive no benefit from client assets under management of these entities other than investment management fees and cannot utilize those assets in our operations.

As of September 30, 2007, we have significant variable interests in certain structured products and hedge funds with approximately \$183.4 million in client assets under management. However, these variable interest entities do not require consolidation because management has determined that we are not the primary beneficiary. Our maximum exposure to loss in these entities is limited to our investments of \$0.1 million in these entities.

**3. Cash and Securities Segregated Under Federal Regulations and Other Requirements**

As of September 30, 2007, \$1.2 billion of United States Treasury Bills was segregated in a special reserve bank custody account for the exclusive benefit of brokerage customers of SCB LLC under Rule 15c3-3 of the Securities Exchange Act of 1934, as amended (“Exchange Act”).

**4. Net Income Per Unit**

Basic net income per unit is derived by reducing net income for the 1% general partnership interest and dividing the remaining 99% by the basic weighted average number of units outstanding for each period. Diluted net income per unit is derived by reducing net income for the 1% general partnership interest and dividing the remaining 99% by the total of the basic weighted average number of units outstanding and the dilutive unit equivalents resulting from outstanding compensatory options as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in thousands, except per unit amounts)			
Net income	\$ 348,082	\$ 252,974	\$ 950,712	\$ 741,649
Weighted average units outstanding - basic	260,074	257,838	259,734	257,431
Dilutive effect of compensatory options	1,525	2,127	1,943	2,192
Weighted average units outstanding - diluted	261,599	259,965	261,677	259,623
Basic net income per unit	\$ 1.33	\$ 0.97	\$ 3.62	\$ 2.85
Diluted net income per unit	\$ 1.32	\$ 0.96	\$ 3.60	\$ 2.83

For the three months ended September 30, 2007, we excluded 1,678,985 out-of-the-money options (i.e., options to buy Holding Units with an exercise price greater than the weighted average closing price of a unit for the relevant period) from the diluted net income per unit computation due to their anti-dilutive effect. For the three months ended September 30, 2006, there were no out-of-the-money options. Out-of-the-money options to buy 1,678,985 and 9,712 Holding Units for the nine months ended September 30, 2007 and 2006, respectively, have been excluded from the diluted net income per unit computation.

**5. Commitments and Contingencies****Deferred Sales Commission Asset**

Payments of sales commissions made by AllianceBernstein Investments, Inc. (“AllianceBernstein Investments”), a wholly-owned subsidiary of AllianceBernstein, to financial intermediaries in connection with the sale of back-end load shares under our mutual fund distribution system (“the System”) are capitalized as deferred sales commissions (“deferred sales commission asset”) and amortized over periods not exceeding five and one-half years for U.S. fund shares and four years for non-U.S. fund shares, the periods of time during which the deferred sales commission asset is expected to be recovered. CDSC cash recoveries are recorded as reductions of unamortized deferred sales commissions when received. The amount recorded for the net deferred sales commission asset was \$187.6 million as of September 30, 2007. Payments of sales commissions made by AllianceBernstein Investments to financial intermediaries in connection with the sale of back-end load shares under the System, net of CDSC received of \$24.3 million and \$17.5 million, totaled approximately \$65.9 million and \$71.8 million during the nine months ended September 30, 2007 and 2006, respectively.

Management tests the deferred sales commission asset for recoverability quarterly. Significant assumptions utilized to estimate the company's future average assets under management and undiscounted future cash flows from back-end load shares include expected future market levels and redemption rates. Market assumptions are selected using a long-term view of expected average market returns based on historical returns of broad market indices. As of September 30, 2007, management used average market return assumptions of 5% for fixed income and 8% for equity to estimate annual market returns. Higher actual average market returns would increase undiscounted future cash flows, while lower actual average market returns would decrease undiscounted future cash flows. Future redemption rate assumptions range from 19.0% to 25.0% for U.S. fund shares and 21.0% to 32.0% for non-U.S. fund shares, determined by reference to actual redemption experience over the five-year, three-year, one-year and current periods ended September 30, 2007, calculated as a percentage of the company's average assets under management represented by back-end load shares. An increase in the actual rate of redemptions would decrease undiscounted future cash flows, while a decrease in the actual rate of redemptions would increase undiscounted future cash flows. These assumptions are reviewed and updated quarterly. Estimates of undiscounted future cash flows and the remaining life of the deferred sales commission asset are made from these assumptions and the aggregate undiscounted future cash flows are compared to the recorded value of the deferred sales commission asset. Management determined that the deferred sales commission asset was not impaired as of September 30, 2007. If management determines in the future that the deferred sales commission asset is not recoverable, an impairment condition would exist and a loss would be measured as the amount by which the recorded amount of the asset exceeds its estimated fair value. Estimated fair value is determined using management's best estimate of future cash flows discounted to a present value amount.

During the three-month and nine-month periods ended September 30, 2007, U.S. equity markets increased by approximately 2.0% and 9.1%, respectively, as measured by the total return of the Standard & Poor's 500 Stock Index, and U.S. fixed income markets increased by approximately 2.8% and 3.9%, respectively, as measured by the change in the Lehman Brothers' Aggregate Bond Index. The redemption rate for domestic back-end load shares was approximately 19.0% and 21.3%, respectively, during the three-month and nine-month periods ended September 30, 2007. Non-U.S. capital markets' increases for the three-month and nine-month periods ended September 30, 2007 ranged from 2.2% to 14.4% and from 11.7% to 34.5%, respectively, as measured by the MSCI World, Emerging Market and EAFE Indices. The redemption rate for non-U.S. back-end load shares was 29.0% and 32.0%, respectively, during the three-month and nine-month periods ended September 30, 2007. Declines in financial markets or higher redemption levels, or both, as compared to the assumptions used to estimate undiscounted future cash flows, as described above, could result in the impairment of the deferred sales commission asset. Due to the volatility of the capital markets and changes in redemption rates, management is unable to predict whether or when a future impairment of the deferred sales commission asset might occur. Any impairment would reduce materially the recorded amount of the deferred sales commission asset with a corresponding charge to earnings.

### **Legal Proceedings**

On October 2, 2003, a purported class action complaint entitled *Hindo, et al. v. AllianceBernstein Growth & Income Fund, et al.* ("Hindo Complaint") was filed against AllianceBernstein, Holding, the General Partner, AXA Financial, the AllianceBernstein-sponsored mutual funds ("U.S. Funds") that are registered under the Investment Company Act of 1940, as amended ("Investment Company Act"), certain officers of AllianceBernstein ("AllianceBernstein defendants"), and certain unaffiliated defendants, as well as unnamed Doe defendants. The Hindo Complaint was filed in the United States District Court for the Southern District of New York by alleged shareholders of two of the U.S. Funds. The Hindo Complaint alleges that certain of the AllianceBernstein defendants failed to disclose that they improperly allowed certain hedge funds and other unidentified parties to engage in "late trading" and "market timing" of U.S. Fund securities, violating Sections 11 and 15 of the Securities Act of 1933, as amended ("Securities Act"), Sections 10(b) and 20(a) of the Exchange Act, and Sections 206 and 215 of the Investment Advisers Act of 1940, as amended ("Advisers Act"). Plaintiffs seek an unspecified amount of compensatory damages and rescission of the U.S. Funds' contracts with AllianceBernstein, including recovery of all fees paid to AllianceBernstein pursuant to such contracts.

Following October 2, 2003, additional lawsuits making factual allegations generally similar to those in the Hindo Complaint were filed in various federal and state courts against AllianceBernstein and certain other defendants. All state court actions against AllianceBernstein either were voluntarily dismissed or removed to federal court. On February 20, 2004, the Judicial Panel on Multidistrict Litigation transferred all federal actions to the United States District Court for the District of Maryland ("Mutual Fund MDL"). On September 29, 2004, plaintiffs filed consolidated amended complaints with respect to four claim types: mutual fund shareholder claims; mutual fund derivative claims; derivative claims brought on behalf of Holding; and claims brought under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") by participants in the Profit Sharing Plan for Employees of AllianceBernstein. All four complaints included substantially identical factual allegations, which appear to be based in large part on the Order of the SEC dated December 18, 2003 (as amended and restated January 15, 2004, "SEC Order") and the New York State Attorney General Assurance of Discontinuance dated September 1, 2004 ("NYAG AoD").

On April 21, 2006, AllianceBernstein and attorneys for the plaintiffs in the mutual fund shareholder claims, mutual fund derivative claims, and ERISA claims entered into a confidential memorandum of understanding containing their agreement to settle these claims. The agreement will be documented by a stipulation of settlement and will be submitted for court approval at a later date. The settlement amount (\$30 million), which we previously accrued and disclosed, has been disbursed. The derivative claims brought on behalf of Holding, in which plaintiffs seek an unspecified amount of damages, remain pending.

We intend to vigorously defend against the lawsuit involving derivative claims brought on behalf of Holding. At the present time, we are unable to predict the outcome or estimate a possible loss or range of loss in respect of this matter because of the inherent uncertainty regarding the outcome of complex litigation, and the fact that the plaintiffs did not specify an amount of damages sought in their complaint.

The matters disclosed in previous reports involving the West Virginia Attorney General and the West Virginia Securities Commissioner have been resolved. The former was dismissed and the latter settled pursuant to an agreement in which AllianceBernstein does not admit liability.

We are involved in various other matters, including employee arbitrations, regulatory inquiries, administrative proceedings, and litigation, some of which allege material damages. While any proceeding or litigation has the element of uncertainty, management believes that the outcome of any one of the other lawsuits or claims that is pending or threatened, or all of them combined, will not have a material adverse effect on our results of operations or financial condition.

## **6. Qualified Employee Benefit Plans**

We maintain a qualified profit sharing plan covering U.S. employees and certain foreign employees. Employer contributions are generally limited to the maximum amount deductible for federal income tax purposes.

We maintain a qualified, noncontributory, defined benefit retirement plan (“Retirement Plan”) covering current and former employees who were employed by AllianceBernstein in the United States prior to October 2, 2000. Benefits are based on years of credited service, average final base salary and primary Social Security benefits. Our policy is to satisfy our funding obligation for each year in an amount not less than the minimum required by ERISA and not greater than the maximum amount we deduct for federal income tax purposes.

During the nine months ended September 30, 2007, we contributed \$2.6 million to the Retirement Plan. In October 2007, we contributed an additional \$2.2 million to the Retirement Plan. Contribution estimates, which are subject to change, are based on regulatory requirements, future market conditions and assumptions used for actuarial computations of the Retirement Plan's obligations and assets. Management, at the present time, is unable to determine the amount, if any, of additional future contributions that may be required.

Net expense under the Retirement Plan was comprised of:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in thousands)			
Service cost	\$ 731	\$ 897	\$ 2,717	\$ 3,151
Interest cost on projected benefit obligations	1,130	1,122	3,592	3,456
Expected return on plan assets	(1,089)	(952)	(3,239)	(2,848)
Amortization of prior service credit	(15)	(15)	(45)	(45)
Amortization of transition asset	(36)	(36)	(108)	(108)
Recognized actuarial loss	—	42	—	240
Net pension charge	<u>\$ 721</u>	<u>\$ 1,058</u>	<u>\$ 2,917</u>	<u>\$ 3,846</u>

## 7. Income Taxes

AllianceBernstein is a private partnership for federal income tax purposes and, accordingly, is not subject to federal and state corporate income taxes. However, AllianceBernstein is subject to a 4.0% New York City unincorporated business tax ("UBT"). Domestic corporate subsidiaries of AllianceBernstein, which are subject to federal, state and local income taxes, are generally included in the filing of a consolidated federal income tax return with separate state and local income tax returns being filed. Foreign corporate subsidiaries are generally subject to taxes in the foreign jurisdictions where they are located.

In order to preserve AllianceBernstein's status as a private partnership for federal income tax purposes, AllianceBernstein Units must not be treated as publicly traded. The AllianceBernstein Partnership Agreement provides that all transfers of AllianceBernstein Units must be approved by AXA Equitable and the General Partner; AXA Equitable and the General Partner approve only those transfers permitted pursuant to one or more of the safe harbors contained in relevant treasury regulations. If such units were considered readily tradable, AllianceBernstein's net income would be subject to federal and state corporate income tax. Furthermore, should AllianceBernstein enter into a substantial new line of business, Holding, by virtue of its ownership of AllianceBernstein, would lose its status as a grandfathered publicly traded partnership and would become subject to corporate income tax which would reduce materially Holding's net income and its quarterly distributions to Holding Unitholders.

Effective January 1, 2007, we adopted the provisions of FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes", an interpretation of FASB Statement No. 109. FIN 48 requires that the effects of a tax position be recognized in the financial statements only if, as of the reporting date, it is "more likely than not" to be sustained based solely on its technical merits. In making this assessment, a company must assume that the taxing authority will examine the tax position and have full knowledge of all relevant information. As a result of adopting FIN 48, we recognized a \$442,000 decrease in the liability for unrecognized tax benefits, which was accounted for as a cumulative-effect adjustment to the January 1, 2007 balance of partners' capital. The adjustment reflects the difference between the net amount of liabilities recognized in our consolidated statement of financial position prior to the application of FIN 48 and the net amount of liabilities recognized as a result of applying the provisions of FIN 48. As of January 1, 2007, the balance of unrecognized tax benefits was \$17.9 million. As discussed below, tax examinations were completed allowing us to conclude that the years under examination were effectively settled for purposes of recognizing previously unrecognized tax benefits. Accordingly, the reserve for unrecognized tax benefits was reduced by \$2.4 million during the three-month period ended September 30, 2007. The reserve for unrecognized tax benefits has increased during the nine-month period ended September 30, 2007 for the current period effects of previously identified uncertain tax positions. No new issues have been identified during this time period. As of September 30, 2007, the balance of unrecognized tax benefits was \$17.3 million. All unrecognized tax benefits, when recognized, are recorded in income tax expense and affect the company's effective tax rate.

Interest and penalties, if any, relating to tax positions are recorded in income tax expense on the consolidated statements of income. The total amount of accrued interest recorded on the consolidated statement of financial condition as of January 1, 2007, the date of adoption of FIN 48, is \$1.7 million. As of September 30, 2007, the amount is essentially unchanged. There were no accrued penalties as of January 1, 2007.

The company is generally no longer subject to U.S. federal, or state and local income tax examinations by tax authorities for any year prior to 2004. However, by agreement, the year 2003 remains open in connection with the New York City tax examinations that are discussed below. The Internal Revenue Service (“IRS”) commenced an examination of our domestic corporate subsidiaries’ federal tax returns for 2003 and 2004 in the second quarter of 2006. This examination was settled during the third quarter of 2007 resulting in a tax payment to the U.S. Treasury in the amount of \$0.4 million. In addition, examinations of AllianceBernstein’s New York City Partnership and corporate subsidiary tax returns for 2003 through 2005 commenced in the second quarter of 2007. These examinations remain in the preliminary stage and we do not currently believe that an increase in the reserve for unrecognized tax benefits is necessary. Adjustment to the reserve could occur in light of changing facts and circumstances. Subject to the results of the examinations for the tax years 2003-2005, under our existing policy for determining whether a tax position is effectively settled for purposes of recognizing previously unrecognized tax benefits, there is the possibility that recognition of unrecognized tax benefits of approximately \$13 million including accrued interest could occur over the next twelve months.

During the fourth quarter of 2007, the Japanese National Tax Agency commenced an examination of our corporate subsidiary located in Japan. There are no reserves for unrecognized tax benefits recorded with respect to this subsidiary. The examination is in the preliminary stage and we do not currently believe that a reserve for unrecognized tax benefits is necessary. However, the establishment of a reserve could occur in light of changing facts and circumstances. Currently there are no other income tax examinations at our significant non-U.S. subsidiaries. Years that remain open and may be subject to examination vary under local law, and range from one to seven years.

## 8. Comprehensive Income

Comprehensive income was comprised of:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in thousands)			
Net income	\$ 348,082	\$ 252,974	\$ 950,712	\$ 741,649
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on investments	(4,574)	2,629	(5,028)	2,182
Foreign currency translation adjustment	13,370	(901)	24,070	1,471
Other	(50)	—	(151)	—
	<u>8,746</u>	<u>1,728</u>	<u>18,891</u>	<u>3,653</u>
Comprehensive income	<u>\$ 356,828</u>	<u>\$ 254,702</u>	<u>\$ 969,603</u>	<u>\$ 745,302</u>

## 9. Accounting Pronouncements

In September 2006, FASB issued SFAS No. 157 (“SFAS No. 157”), “*Fair Value Measurements*”. Among other requirements, SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In February 2007, FASB issued SFAS No. 159 (“SFAS No. 159”), “*Fair Value Option for Financial Assets and Financial Liabilities*”. SFAS No. 159 expands the use of fair value measurement by permitting entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Both SFAS No. 157 and SFAS No. 159 are effective beginning the first fiscal year that begins after November 15, 2007. We are required to adopt both standards on January 1, 2008. We are currently evaluating the impact these pronouncements will have on our consolidated financial statements.

Report of Independent Registered Public Accounting Firm

To the General Partner and Unitholders  
AllianceBernstein L.P.

We have reviewed the accompanying condensed consolidated statement of financial condition of AllianceBernstein L.P. (“AllianceBernstein”) as of September 30, 2007, the related condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2007 and 2006, and the condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2007 and 2006. These interim financial statements are the responsibility of the management of AllianceBernstein Corporation, the General Partner.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial condition as of December 31, 2006, and the related consolidated statements of income, changes in partners’ capital and comprehensive income, and cash flows for the year then ended (not presented herein), and in our report dated February 27, 2007 we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial condition as of December 31, 2006 is fairly stated in all material respects in relation to the consolidated statement of financial condition from which it has been derived.

/s/ PricewaterhouseCoopers LLP

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New York, New York  
November 2, 2007



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### *Executive Overview*

During the third quarter of 2007, we generally provided satisfactory investment returns for our clients despite considerable market turbulence. Our growth services performed especially well, exceeding favorable benchmark performance for the quarter. However, our value equity services underperformed relative to benchmarks and our fixed income services posted slightly negative relative returns. The overall returns of our hedge fund services were disappointing for the quarter, especially in our diversified services where returns were negative, more than offsetting single digit organic growth. However, year-to-date performance is in the mid-single digit loss range, or better, for most of our hedge funds and, as a result, as of September 30, 2007, there are no material high watermark thresholds related to our ability to earn performance fees in 2008. Finally, relative performance of our blend strategies services was respectable, with strength in U.S. and international services, although relative returns in our emerging markets services were weak.

Total assets under management ("AUM") grew 2.5% during the third quarter of 2007, driven almost entirely by market appreciation, as our organic growth rate slowed significantly during the third quarter. While our new account fundings were robust at \$32.4 billion, net inflows totaled just \$0.4 billion. This weakness was especially concentrated in our Institutional Investment Services, which had net outflows of \$2.1 billion during the third quarter, primarily due to the loss of approximately \$6 billion in index mandates. However, because fees earned on index accounts are very low, this loss did not affect revenues significantly. Our global footprint, both in terms of client domicile and geographic scope, continued to expand as AUM invested in global and international services and AUM managed for non-U.S. clients grew at faster rates than total AUM.

Our Institutional Investment Services AUM rose by 2.4%, or \$12.2 billion, in the third quarter, as strong market appreciation was partly offset by net outflows (reflecting the above-referenced lost index mandates). Despite these net outflows, over 100 institutional mandates were funded during the quarter, generating more than \$18.1 billion of AUM, with value and blend services accounting for 80% of this total. Additionally, our global and international services accounted for approximately 86% of these new accounts, a continuing trend. While the pipeline of won but unfunded new mandates remains substantial, it declined somewhat during the quarter. However, due to growing momentum in the defined contribution market, we expect net inflows to improve in 2008.

Our Retail Services had a relatively quiet quarter. AUM increased by 2.1%, or \$4.0 billion, as net inflows were slightly positive. Substantial growth in net sales of U.S. funds was offset by weakness in non-U.S. fixed income funds and by increased investment minimums on certain separately managed account services that reduced net inflows. Our "Investment Strategies for Life" suite, which captures the three most important services that we provide to our retail clients – Wealth Strategies, CollegeBound*fund*, and Retirement Strategies (target-date solutions for individuals and smaller defined contribution plans) – continued to build momentum. As of September 30, 2007, our Wealth Strategies stood at \$13.8 billion of AUM, while our CollegeBound*fund*'s AUM stood at \$8.5 billion and it was ranked #1 in the nation by SavingForCollege.com. Also, in a recent survey by *PlanAdvisor* magazine, our Retirement Strategies offerings, which stood at \$1.1 billion of AUM as of September 30, 2007, received more citations as best in class than did the target-date funds of any other company in the industry.

Private Client Services AUM increased 3.5%, or \$3.7 billion, driven by both strong net inflows and market appreciation. For the trailing twelve month period, both gross and net inflows set records of \$18.3 billion and \$9.5 billion, respectively. This led to an outstanding 26.4% year-over-year growth rate. Our financial advisor headcount increased to 341, up 17.2% from September 30, 2006.

Institutional Research Services revenue increased by 17.8% versus the third quarter of 2006. This represented the strongest quarter on record, primarily attributable to double-digit growth in Europe. We continue to expand our research platform, having launched coverage of the Southern European banking sector during the quarter, and maintain a robust global pipeline of future coverage launches. In *Institutional Investor*'s recently released U.S. poll, we achieved excellent results, ranking #7 overall, the highest in the history of the company. This marks the fourth consecutive year in which our firm has placed in the Top Ten of *Institutional Investor*'s league table. Nearly all of our publishing U.S. analysts were recognized in the poll, with six analysts voted #1 in their respective sectors.

The company's financial performance for the quarter exceeded our expectations, with revenues rising by 23.3% and net income rising by 37.6%, as compared to the third quarter of 2006. Our operating margin rose by four percentage points to 32.9%.



Our success as a company derives from our ability to generate superior investment returns for our clients and to provide them with world class service. Acting in the best interests of our clients is the key to the continuing success for our company which, in turn, translates into success for all of our stakeholders.

**Earnings Guidance**

Our earnings are becoming more seasonal, primarily due to the increasing amount of AUM subject to performance fee arrangements, as well as other factors affecting expense ratios. To clarify this point, in our second quarter 2007 Earnings Release we provided full year 2007 earnings guidance estimates that earnings of AllianceBernstein would be at levels that result in Holding's full year 2007 earnings being approximately \$4.90 - \$5.25 per Holding Unit, with the fourth quarter accounting for a disproportionate share of the total. In our third quarter 2007 Earnings Release, we estimated that AllianceBernstein's earnings will be at levels that result in Holding's full year 2007 earnings being approximately \$4.50 - \$4.80 per Holding Unit, with the entire reduction attributable to substantially lower estimated hedge fund performance fees to be earned by AllianceBernstein. This estimate, which is not being updated in this Report, was based on information available at the time of the Earnings Release and on the assumptions that equity and fixed income market returns would be at annual rates of 8% and 5%, respectively, for the fourth quarter of 2007 and that our net asset inflows for the fourth quarter of 2007 would continue at levels similar to rates experienced during the third quarter of 2007 (adjusted to exclude the above-referenced \$6 billion of index mandate terminations). It is important to stress that our earnings are subject to considerable uncertainty including, but not limited to, capital market volatility, the effect of which can be amplified by the aforementioned increase in assets under management subject to performance fee arrangements. Earnings guidance should be evaluated in this context.

**Assets Under Management**

Effective January 1, 2006, we transferred certain client accounts among distribution channels to reflect changes in the way we service these accounts (shown as transfers in the tables below).

Assets under management by distribution channel were as follows:

	<b>As of September 30,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2007</b>	<b>2006</b>		
	<b>(in billions)</b>			
Institutional Investment	\$ 512.8	\$ 417.8	\$ 95.0	22.7%
Retail	189.4	153.9	35.5	23.0
Private Client	110.6	87.6	23.0	26.4
<b>Total</b>	<b>\$ 812.8</b>	<b>\$ 659.3</b>	<b>\$ 153.5</b>	<b>23.3</b>

Assets under management by investment service were as follows:

	<b>As of September 30,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2007</b>	<b>2006</b>		
	<b>(in billions)</b>			
<b>Equity:</b>				
<i>Value</i>				
U.S.	\$ 117.4	\$ 112.5	\$ 4.9	4.3%
Global & international	280.5	181.8	98.7	54.3
	<u>397.9</u>	<u>294.3</u>	<u>103.6</u>	<u>35.2</u>
<i>Growth</i>				
U.S.	74.0	78.4	(4.4)	(5.6)
Global & international	121.5	84.1	37.4	44.5
	<u>195.5</u>	<u>162.5</u>	<u>33.0</u>	<u>20.3</u>
<b>Total Equity</b>	<u>593.4</u>	<u>456.8</u>	<u>136.6</u>	<u>29.9</u>
<b>Fixed Income:</b>				
U.S.	113.3	109.2	4.1	3.8
Global & international	81.1	63.8	17.3	27.0
	<u>194.4</u>	<u>173.0</u>	<u>21.4</u>	<u>12.3</u>
<b>Index/Structured:</b>				
U.S.	19.2	23.5	(4.3)	(18.0)
Global & international	5.8	6.0	(0.2)	(4.2)
	<u>25.0</u>	<u>29.5</u>	<u>(4.5)</u>	<u>(15.2)</u>
<b>Total:</b>				
U.S.	323.9	323.6	0.3	0.1
Global & international	488.9	335.7	153.2	45.6
<b>Total</b>	<b>\$ 812.8</b>	<b>\$ 659.3</b>	<b>\$ 153.5</b>	<b>23.3</b>

Changes in assets under management for the three months ended September 30, 2007 were as follows:

	Distribution Channel				Investment Service				
	Institutional Investment	Retail	Private Client	Total	Value Equity	Growth Equity	Fixed Income	Index/Structured	Total
Balance as of July 1, 2007	\$ 500.6	\$ 185.4	\$ 106.9	\$ 792.9	\$ 388.2	\$ 185.9	\$ 187.9	\$ 30.9	\$ 792.9
Long-term flows:									
Sales/new accounts	18.1	9.7	4.6	32.4	19.0	7.0	6.3	0.1	32.4
Redemptions/terminations	(14.8)	(9.1)	(1.1)	(25.0)	(7.3)	(6.8)	(4.8)	(6.1)	(25.0)
Cash flow/unreinvested dividends	(5.4)	(0.5)	(1.1)	(7.0)	(4.3)	(2.0)	(0.3)	(0.4)	(7.0)
Net long-term inflows (outflows)	(2.1)	0.1	2.4	0.4	7.4	(1.8)	1.2	(6.4)	0.4
Transfers	0.8	(0.5)	(0.3)	—	—	—	—	—	—
Market appreciation	13.5	4.4	1.6	19.5	2.3	11.4	5.3	0.5	19.5
Net change	12.2	4.0	3.7	19.9	9.7	9.6	6.5	(5.9)	19.9
<b>Balance as of September 30, 2007</b>	<b>\$ 512.8</b>	<b>\$ 189.4</b>	<b>\$ 110.6</b>	<b>\$ 812.8</b>	<b>\$ 397.9</b>	<b>\$ 195.5</b>	<b>\$ 194.4</b>	<b>\$ 25.0</b>	<b>\$ 812.8</b>

Changes in assets under management for the nine months ended September 30, 2007 were as follows:

	Distribution Channel				Investment Service				
	Institutional Investment	Retail	Private Client	Total	Value Equity	Growth Equity	Fixed Income	Index/Structured	Total
Balance as of January 1, 2007	\$ 455.1	\$ 166.9	\$ 94.9	\$ 716.9	\$ 335.5	\$ 174.1	\$ 177.0	\$ 30.3	\$ 716.9
Long-term flows:									
Sales/new accounts	52.1	36.2	14.8	103.1	53.9	22.5	26.4	0.3	103.1
Redemptions/terminations	(28.2)	(27.7)	(3.2)	(59.1)	(18.9)	(20.6)	(12.4)	(7.2)	(59.1)
Cash flow/unreinvested dividends	(15.6)	(1.2)	(4.0)	(20.8)	(9.9)	(6.1)	(3.8)	(1.0)	(20.8)
Net long-term inflows (outflows)	8.3	7.3	7.6	23.2	25.1	(4.2)	10.2	(7.9)	23.2
Transfers	0.1	(0.5)	0.4	—	—	—	—	—	—
Market appreciation	49.3	15.7	7.7	72.7	37.3	25.6	7.2	2.6	72.7
Net change	57.7	22.5	15.7	95.9	62.4	21.4	17.4	(5.3)	95.9
<b>Balance as of September 30, 2007</b>	<b>\$ 512.8</b>	<b>\$ 189.4</b>	<b>\$ 110.6</b>	<b>\$ 812.8</b>	<b>\$ 397.9</b>	<b>\$ 195.5</b>	<b>\$ 194.4</b>	<b>\$ 25.0</b>	<b>\$ 812.8</b>

Changes in assets under management for the twelve months ended September 30, 2007 were as follows:

	Distribution Channel				Investment Service				
	Institutional Investment	Retail	Private Client	Total	Value Equity	Growth Equity	Fixed Income	Index/Structured	Total
	(in billions)								
Balance as of October 1, 2006	\$ 417.8	\$ 153.9	\$ 87.6	\$ 659.3	\$ 294.3	\$ 162.5	\$ 173.0	\$ 29.5	\$ 659.3
Long-term flows:									
Sales/new accounts	68.1	47.1	18.3	133.5	69.0	29.6	34.5	0.4	133.5
Redemptions/terminations	(36.4)	(36.2)	(4.1)	(76.7)	(23.9)	(26.6)	(18.9)	(7.3)	(76.7)
Cash flow/unreinvested dividends	(17.0)	(1.3)	(4.7)	(23.0)	(9.8)	(7.2)	(3.7)	(2.3)	(23.0)
Net long-term inflows (outflows)	14.7	9.6	9.5	33.8	35.3	(4.2)	11.9	(9.2)	33.8
Transfers	0.1	(0.5)	0.4	—	0.8	(0.8)	—	—	—
Market appreciation	80.2	26.4	13.1	119.7	67.5	38.0	9.5	4.7	119.7
Net change	95.0	35.5	23.0	153.5	103.6	33.0	21.4	(4.5)	153.5
<b>Balance as of September 30, 2007</b>	<b>\$ 512.8</b>	<b>\$ 189.4</b>	<b>\$ 110.6</b>	<b>\$ 812.8</b>	<b>\$ 397.9</b>	<b>\$ 195.5</b>	<b>\$ 194.4</b>	<b>\$ 25.0</b>	<b>\$ 812.8</b>

Average assets under management by distribution channel and investment service were as follows:

	Three Months Ended				Nine Months Ended			
	9/30/07	9/30/06	\$ Change	% Change	9/30/07	9/30/06	\$ Change	% Change
	(in billions)							
<b>Distribution Channel:</b>								
Institutional Investment	\$ 501.6	\$ 406.7	\$ 94.9	23.3%	\$ 483.3	\$ 394.2	\$ 89.1	22.6%
Retail	184.6	149.5	35.1	23.5	178.3	147.1	31.2	21.2
Private Client	107.5	85.2	22.3	26.2	103.0	82.2	20.8	25.2
<b>Total</b>	<b>\$ 793.7</b>	<b>\$ 641.4</b>	<b>\$ 152.3</b>	<b>23.7</b>	<b>\$ 764.6</b>	<b>\$ 623.5</b>	<b>\$ 141.1</b>	<b>22.6</b>
<b>Investment Service:</b>								
Value Equity	\$ 386.7	\$ 283.5	\$ 103.2	36.4%	\$ 367.2	\$ 269.0	\$ 98.2	36.5%
Growth Equity	187.3	158.6	28.7	18.1	181.8	157.2	24.6	15.7
Fixed Income	190.8	169.2	21.6	12.7	185.6	166.8	18.8	11.3
Index/Structured	28.9	30.1	(1.2)	(3.8)	30.0	30.5	(0.5)	(1.6)
<b>Total</b>	<b>\$ 793.7</b>	<b>\$ 641.4</b>	<b>\$ 152.3</b>	<b>23.7</b>	<b>\$ 764.6</b>	<b>\$ 623.5</b>	<b>\$ 141.1</b>	<b>22.6</b>

**Consolidated Results of Operations**

	Three Months Ended				Nine Months Ended			
	9/30/07	9/30/06	\$ Change	% Change	9/30/07	9/30/06	\$ Change	% Change
	(in millions, except per unit amounts)							
Net revenues	\$ 1,152.8	\$ 934.7	\$ 218.1	23.3%	\$ 3,355.9	\$ 2,763.7	\$ 592.2	21.4%
Expenses	773.5	664.7	108.8	16.4	2,330.5	1,990.3	340.2	17.1
Operating income	379.3	270.0	109.3	40.5	1,025.4	773.4	252.0	32.6
Non-operating income	3.4	3.1	0.3	7.7	11.6	16.3	(4.7)	(29.0)
Income before income taxes	382.7	273.1	109.6	40.1	1,037.0	789.7	247.3	31.3
Income taxes	34.6	20.1	14.5	71.4	86.3	48.0	38.3	79.7
Net income	\$ 348.1	\$ 253.0	\$ 95.1	37.6	\$ 950.7	\$ 741.7	\$ 209.0	28.2
Diluted net income per unit	\$ 1.32	\$ 0.96	\$ 0.36	37.5	\$ 3.60	\$ 2.83	\$ 0.77	27.2
Distributions per unit	\$ 1.32	\$ 0.96	\$ 0.36	37.5	\$ 3.60	\$ 2.82	\$ 0.78	27.7
Operating margin <sup>(1)</sup>	32.9%	28.9%			30.6%	28.0%		

<sup>(1)</sup>Operating income as a percentage of net revenues.

Net income for the three-month and nine-month periods ended September 30, 2007 increased 37.6% and 28.2%, respectively, from the corresponding periods in 2006. This increase was primarily due to higher investment advisory and services fee revenues resulting from higher assets under management, partially offset by higher employee compensation and benefits expenses.

**Net Revenues**

The following table summarizes the components of total net revenues:

	<u>Three Months Ended</u>		<u>\$ Change</u>	<u>% Change</u>	<u>Nine Months Ended</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>9/30/07</u>	<u>9/30/06</u>			<u>9/30/07</u>	<u>9/30/06</u>		
	(in millions)							
Investment advisory and services fees:								
Institutional Investment:								
Base fees	\$ 367.0	\$ 278.4	\$ 88.6	31.8%	\$ 1,040.4	\$ 801.7	\$ 238.7	29.8%
Performance fees	15.4	12.3	3.1	25.0	54.7	62.4	(7.7)	(12.4)
	<u>382.4</u>	<u>290.7</u>	<u>91.7</u>	31.5	<u>1,095.1</u>	<u>864.1</u>	<u>231.0</u>	26.7
Retail:								
Base fees	242.4	195.9	46.5	23.8	699.6	575.5	124.1	21.6
Performance fees	—	—	—	—	—	(0.2)	0.2	n/m
	<u>242.4</u>	<u>195.9</u>	<u>46.5</u>	23.8	<u>699.6</u>	<u>575.3</u>	<u>124.3</u>	21.6
Private Client:								
Base fees	243.5	190.5	53.0	27.8	693.6	554.9	138.7	25.0
Performance fees	2.0	0.8	1.2	142.2	2.7	0.5	2.2	410.4
	<u>245.5</u>	<u>191.3</u>	<u>54.2</u>	28.3	<u>696.3</u>	<u>555.4</u>	<u>140.9</u>	25.4
Total:								
Base fees	852.9	664.8	188.1	28.3	2,433.6	1,932.1	501.5	26.0
Performance fees	17.4	13.1	4.3	32.4	57.4	62.7	(5.3)	(8.5)
	<u>870.3</u>	<u>677.9</u>	<u>192.4</u>	28.4	<u>2,491.0</u>	<u>1,994.8</u>	<u>496.2</u>	24.9
Distribution revenues	120.3	103.8	16.5	15.9	351.4	311.1	40.3	13.0
Institutional research services	103.6	87.9	15.7	17.8	305.4	286.3	19.1	6.7
Dividend and interest income	72.6	63.7	8.9	14.1	211.0	180.5	30.5	16.9
Investment gains (losses)	25.5	18.6	6.9	37.3	67.1	29.3	37.8	129.4
Other revenues	15.5	29.8	(14.3)	(47.8)	94.0	99.3	(5.3)	(5.3)
Total revenues	1,207.8	981.7	226.1	23.0	3,519.9	2,901.3	618.6	21.3
Less: Interest expense	55.0	47.0	8.0	17.2	164.0	137.6	26.4	19.2
<b>Net Revenues</b>	<b>\$ 1,152.8</b>	<b>\$ 934.7</b>	<b>\$ 218.1</b>	<b>23.3</b>	<b>\$ 3,355.9</b>	<b>\$ 2,763.7</b>	<b>\$ 592.2</b>	<b>21.4</b>

**Investment Advisory and Services Fees**

Investment advisory and services fees, the largest component of our revenues, consist primarily of base fees. These fees are generally calculated as a percentage of the value of assets under management at a point in time, or as the value of average assets under management for the applicable billing period, and vary with the type of investment service, the size of account, and the total amount of assets we manage for a particular client. Accordingly, fee income generally increases or decreases as assets under management increase or decrease and is therefore affected by 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.

Certain investment advisory contracts provide for a performance fee, in addition to or in lieu of a base fee. This fee 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 and will be higher in favorable markets and lower in unfavorable markets, which may increase the volatility and seasonality of our revenues and earnings.

For the three-month and nine-month periods ended September 30, 2007, our investment advisory and services fees increased 28.4% and 24.9%, respectively, from the corresponding periods in 2006. These increases were primarily due to increases of 23.7% and 22.6%, respectively, in average assets under management resulting from net asset inflows and market appreciation. For the three-month and nine-month periods ended September 30, 2007, performance fees aggregated \$17.4 million and \$57.4 million, respectively, an increase of \$4.3 million and a decrease \$5.3 million, respectively, in comparison with the corresponding periods in 2006.

Institutional investment advisory and services fees for the three-month and nine-month periods ended September 30, 2007 increased \$91.7 million, or 31.5%, and \$231.0 million, or 26.7%, respectively, from the corresponding periods in 2006, primarily as a result of increases of 23.3% and 22.6%, respectively, in average assets under management.

Retail investment advisory and services fees for the three-month and nine-month periods ended September 30, 2007 increased by \$46.5 million, or 23.8%, and \$124.3 million, or 21.6%, respectively, from the corresponding periods in 2006, reflecting increases of 23.5% and 21.2%, respectively, in average assets under management.

Private client investment advisory and services fees for the three-month and nine-month periods ended September 30, 2007 increased by \$54.2 million, or 28.3%, and \$140.9 million, or 25.4%, respectively, from the corresponding periods in 2006, primarily as a result of increases of 29.1% and 26.2%, respectively, in billable assets under management (i.e., assets billed at the beginning of each quarter).

#### Distribution Revenues

AllianceBernstein Investments and AllianceBernstein Luxembourg (both wholly-owned subsidiaries of AllianceBernstein) act as distributor and/or placement agent of company-sponsored mutual funds and receive distribution services fees from certain of those funds as partial reimbursement of the distribution expenses they incur. Distribution revenues for the three-month and nine-month periods ended September 30, 2007 increased \$16.5 million, or 15.9%, and \$40.3 million, or 13.0%, respectively, compared to the corresponding periods in 2006, principally due to higher average mutual fund assets under management.

#### Institutional Research Services

Institutional Research Services revenue consists principally of brokerage transaction charges received for providing independent, in-depth fundamental research and brokerage-related services to institutional investors.

Revenues from institutional research services for the three-month and nine-month periods ended September 30, 2007 reflect an increase of \$15.7 million, or 17.8%, and \$19.1 million, or 6.7%, respectively, from the corresponding periods in 2006. These increases were primarily the result of higher revenues from European operations. U.S. revenues also increased in the third quarter of 2007, but decreased for the nine-month period ended September 30, 2007.

Recent declines in commission rates charged by broker-dealers are likely to continue and may accelerate. Increasing use of electronic trading systems and algorithmic trading strategies (which permit investors to execute securities transactions at a fraction of typical full-service broker-dealer charges) and pressure exerted by funds and institutional investors are likely to result in continuing, perhaps significant, declines in commission rates, which would, in turn, reduce the revenues generated by our Institutional Research Services.

#### Dividend and Interest Income and Interest Expense

Dividend and interest income consists of investment income, interest earned on United States Treasury Bills and interest earned on collateral given for securities borrowed from brokers and dealers. Interest expense includes interest accrued on cash balances in customers' brokerage accounts and on collateral received for securities loaned. Dividend and interest income, net of interest expense, for the three-month and nine-month periods ended September 30, 2007 increased \$0.9 million and \$4.1 million, respectively, from the corresponding periods in 2006. The increases for the three-month and nine-month periods were due primarily to increased stock borrowing activity as a result of higher brokerage balances in 2007.

#### Investment Gains (Losses)

Investment gains (losses), consisting primarily of realized and unrealized gains or losses on trading investments related to deferred compensation plan obligations and realized gains or losses on available-for-sale investments, increased \$6.9 million and \$37.8 million, respectively, for the three-month and nine-month periods ended September 30, 2007 compared to the corresponding periods in 2006. The increase in the third quarter of 2007 primarily reflects realized gains on sales of available-for-sale investments. The year-to-date increase was due primarily to significant mark-to-market gains on investments related to deferred compensation plan obligations. The impact of these gains on our obligations to plan participants is amortized over the vesting period of the awards, or immediately for fully vested awards.

Other Revenues

Other revenues consist of fees earned for transfer agency services provided to our mutual funds, fees earned for administration and recordkeeping services provided to our mutual funds and the general accounts of AXA and its subsidiaries, our equity in the earnings of investments in limited partnership hedge funds that we sponsor and manage, and other miscellaneous revenues. Other revenues for the three-month and nine-month periods ended September 30, 2007 decreased \$14.3 million and \$5.3 million, respectively, from the corresponding periods in 2006 due primarily to equity losses in the third quarter 2007, and lower equity gains on a year-to-date comparative basis, on hedge fund investments.

Expenses

The following table summarizes the components of expenses:

	<u>Three Months Ended</u>		<u>\$ Change</u>	<u>% Change</u>	<u>Nine Months Ended</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>9/30/07</u>	<u>9/30/06</u>			<u>9/30/07</u>	<u>9/30/06</u>		
					(in millions)			
Employee compensation and benefits	\$ 447.0	\$ 375.7	\$ 71.3	19.0%	\$ 1,363.4	\$ 1,119.8	\$ 243.6	21.8%
Promotion and servicing	171.1	145.9	25.2	17.3	504.6	448.5	56.1	12.5
General and administrative	144.3	132.0	12.3	9.3	426.5	386.3	40.2	10.4
Interest	6.0	5.9	0.1	0.5	20.5	20.2	0.3	1.3
Amortization of intangible assets	5.1	5.2	(0.1)	(0.1)	15.5	15.5	—	—
<b>Total</b>	<b>\$ 773.5</b>	<b>\$ 664.7</b>	<b>\$ 108.8</b>	<b>16.4</b>	<b>\$ 2,330.5</b>	<b>\$ 1,990.3</b>	<b>\$ 340.2</b>	<b>17.1</b>

Employee Compensation and Benefits

We had 5,433 full-time employees at September 30, 2007 compared to 4,738 at September 30, 2006. Employee compensation and benefits, which represented approximately 58% and 57% of total expenses in the respective three-month periods ended September 30, 2007 and 2006, include base compensation, cash and deferred incentive compensation, commissions, fringe benefits, and other employment costs.

Base compensation, fringe benefits and other employment costs for the three-month and nine-month periods ended September 30, 2007 increased \$23.8 million, or 17.4%, and \$75.8 million, or 19.2%, respectively, from the corresponding periods in 2006, primarily as a result of increased headcount, annual merit increases, and higher fringe benefits. Incentive compensation for the three-month and nine-month periods ended September 30, 2007 increased \$28.0 million, or 19.0%, and \$108.7 million, or 24.1%, respectively, from the corresponding periods in 2006, primarily as a result of the increase in full-time employees, higher estimated annual bonus payments, and higher deferred compensation expense. In comparison with the corresponding periods in 2006, commission expense for the three-month and nine-month periods ended September 30, 2007 was higher by \$19.5 million, or 21.4%, and by \$59.1 million, or 21.7%, respectively, due to higher sales volume across all distribution channels.

Promotion and Servicing

Promotion and servicing expenses, which represented approximately 22% of total expenses in both of the respective three-month periods ended September 30, 2007 and 2006, include distribution plan payments to financial intermediaries for distribution of company-sponsored mutual funds and amortization of deferred sales commissions paid to financial intermediaries for the sale of back-end load shares of our sponsored mutual funds. See "Capital Resources and Liquidity" in this Item 2 and Note 5 to AllianceBernstein's condensed consolidated financial statements contained in Item 1 of this Form 10-Q for further discussion of deferred sales commissions. Also included in this expense category are costs related to travel and entertainment, advertising, promotional materials, and investment meetings and seminars for financial intermediaries that distribute our mutual fund products.

Promotion and servicing expenses for the three-month and nine-month periods ended September 30, 2007 increased \$25.2 million, or 17.3%, and \$56.1 million, or 12.5%, respectively, from the corresponding periods in 2006, primarily due to higher distribution plan payments, travel and transfer fees.

General and Administrative

General and administrative expenses, which represented approximately 19% and 20% of total expenses in the respective three-month periods ended September 30, 2007 and 2006, are costs related to operations, including technology, professional fees, occupancy, communications, minority interests in consolidated subsidiaries, and similar expenses. General and administrative expenses for the three-month and nine-month periods ended September 30, 2007 increased \$12.3 million, or 9.3%, and \$40.2 million, or 10.4%, respectively, from the corresponding periods in 2006. The increase was primarily due to higher occupancy and technology costs, partially offset by lower legal costs.

## Non-Operating Income

Non-operating income consists of contingent purchase price payments earned from the disposition in 2005 of our cash management services. Non-operating income for the three-month and nine-month periods ended September 30, 2007 increased \$0.3 million, or 7.7%, and decreased \$4.7 million, or 29.0%, respectively, compared to the corresponding periods in 2006. The year-to-date decrease reflects the recognition of a \$7.5 million gain contingency during the second quarter of 2006 (resulting from the expiration of a “clawback” provision).

## Taxes on Income

AllianceBernstein, a private limited partnership, is not subject to federal or state corporate income taxes. However, we are subject to the New York City unincorporated business tax. Our domestic corporate subsidiaries 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 for the three-month and nine-month periods ended September 30, 2007 increased \$14.5 million, or 71.4%, and \$38.3 million, or 79.7%, respectively, from the corresponding periods in 2006, primarily as a result of increased earnings and a higher effective tax rate reflecting higher earnings of our foreign subsidiaries (primarily in the U.K. and Japan).

Earlier this year, Congress proposed tax legislation that would cause certain partnerships whose partnership interests are traded in a public market and that derive income from investment adviser or asset management services to be taxed as corporations, thus subjecting their income to a higher level of income tax. In its current form, the proposed legislation would not affect AllianceBernstein, which is a private partnership. For additional information, see *Part II, Item 1A* of this Form 10-Q.

## **CAPITAL RESOURCES AND LIQUIDITY**

The following table identifies selected items relating to capital resources and liquidity:

	<b>Nine Months Ended September 30,</b>		<b>% Change</b>
	<b>2007</b>	<b>2006</b>	
	<b>(in millions)</b>		
Partners' capital, as of September 30	\$ 4,592.6	\$ 4,404.4	4.3%
Cash flow from operations	1,217.2	1,019.1	19.4
Proceeds from sales (purchases) of investments, net	29.0	(52.2)	n/m
Capital expenditures	(87.9)	(75.0)	17.2
Distributions paid	(1,017.7)	(774.9)	31.3
Purchases of Holding Units	(12.5)	(16.6)	(24.7)
Issuance of Holding Units	—	47.2	(100.0)
Additional investments by Holding with proceeds from exercise of compensatory options to buy Holding Units	41.4	63.2	(34.5)
(Repayment) issuance of commercial paper, net	(191.6)	169.6	n/m
Available Cash Flow	945.4	734.4	28.7
Distributions per AllianceBernstein Unit	3.60	2.82	27.7

Cash and cash equivalents of \$687.4 million as of September 30, 2007 decreased \$5.3 million from \$692.7 million at December 31, 2006. Cash inflows are primarily provided by operations, proceeds from sales of investments, and additional investments by Holding using proceeds from exercises of compensatory options to buy Holding Units. Significant cash outflows include cash distributions paid to the General Partner and unitholders, capital expenditures, the repayment of commercial paper, purchases of investments, and purchases of Holding Units to fund deferred compensation plans.

### ***Contingent Deferred Sales Charge***

See Note 5 to AllianceBernstein's condensed consolidated financial statements contained in Item 1 of this Form 10-Q.

**Debt and Credit Facilities**

Total committed credit, debt outstanding and weighted average interest rates as of September 30, 2007 and December 31, 2006 were as follows:

	September 30, 2007			December 31, 2006		
	Committed Credit	Debt Outstanding	Interest Rate	Committed Credit	Debt Outstanding	Interest Rate
	(in millions)					
Commercial paper <sup>(1)</sup>	\$ —	\$ 163.0	5.2%	\$ —	\$ 334.9	5.3%
Revolving credit facility <sup>(1)</sup>	800.0	—	—	800.0	—	—
<b>Total</b>	<b>\$ 800.0</b>	<b>\$ 163.0</b>	<b>5.2</b>	<b>\$ 800.0</b>	<b>\$ 334.9</b>	<b>5.3</b>

(1) Our revolving credit facility supports our commercial paper program; amounts borrowed under the commercial paper program reduce amounts available for other purposes under the revolving credit facility on a dollar-for-dollar basis.

In February 2006, we entered into an \$800 million five-year revolving credit facility with a group of commercial banks and other lenders. The revolving credit facility is intended to provide back-up liquidity for our \$800 million commercial paper program. Under the revolving credit facility, the interest rate, at our option, 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. The revolving credit facility contains covenants which, among other things, require us to meet certain financial ratios. We were in compliance with the covenants as of September 30, 2007. To supplement this revolving credit facility, in April 2007 we entered into a \$100 million three-month, renewable uncommitted loan agreement with a major bank, which expired in October 2007.

In August 2001, we issued \$400 million 5.625% Notes (“Senior Notes”) pursuant to a shelf registration statement that originally permitted us to issue up to \$600 million in senior debt securities. The Senior Notes matured in August 2006 and were retired using cash flow from operations and proceeds from the issuance of commercial paper. We currently have \$200 million available under the shelf registration statement for future issuances.

We currently maintain a \$100 million extendible commercial notes (“ECN”) program as a supplement to our commercial paper program. ECNs are short-term uncommitted debt instruments that do not require back-up liquidity support.

In 2006, SCB LLC entered into four separate uncommitted line of credit facility agreements with various banks, each for \$100 million. During January and February of 2007, SCB LLC increased three of the agreements to \$200 million each and entered into an additional agreement for \$100 million with a new bank. As of September 30, 2007, no amounts were outstanding under these credit facilities.

Our substantial capital base and access to public and private debt, at competitive terms, should provide adequate liquidity for our general business needs. Management believes that cash flow from operations and the issuance of debt and AllianceBernstein Units or Holding Units will provide us with the resources to meet our financial obligations.

**COMMITMENTS AND CONTINGENCIES**

AllianceBernstein’s capital commitments, which consist primarily of operating leases for office space, are generally funded from future operating cash flows.

See Note 5 to AllianceBernstein’s condensed consolidated financial statements contained in Item 1 of this Form 10-Q for a discussion of our mutual fund distribution system and related deferred sales commission asset and of certain legal proceedings to which we are a party.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of the condensed consolidated financial statements and notes to condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses.

Management believes that the critical accounting policies and estimates discussed below involve significant management judgment due to the sensitivity of the methods and assumptions used.



### ***Deferred Sales Commission Asset***

Management tests the deferred sales commission asset for recoverability quarterly. Significant assumptions utilized to estimate the company's future average assets under management and undiscounted future cash flows from back-end load shares include expected future market levels and redemption rates. Market assumptions are selected using a long-term view of expected average market returns based on historical returns of broad market indices. As of September 30, 2007, management used average market return assumptions of 5% for fixed income and 8% for equity to estimate annual market returns. Higher actual average market returns would increase undiscounted future cash flows, while lower actual average market returns would decrease undiscounted future cash flows. Future redemption rate assumptions range from 19% to 25% for U.S. fund shares and 21% to 32% for non-U.S. fund shares, determined by reference to actual redemption experience over the five-year, three-year, one-year and current periods ended September 30, 2007, calculated as a percentage of the company's average assets under management represented by back-end load shares. An increase in the actual rate of redemptions would decrease undiscounted future cash flows, while a decrease in the actual rate of redemptions would increase undiscounted future cash flows. These assumptions are reviewed and updated quarterly. Estimates of undiscounted future cash flows and the remaining life of the deferred sales commission asset are made from these assumptions and the aggregate undiscounted future cash flows are compared to the recorded value of the deferred sales commission asset. Management determined that the deferred sales commission asset was not impaired as of September 30, 2007. If management determines in the future that the deferred sales commission asset is not recoverable, an impairment condition would exist and a loss would be measured as the amount by which the recorded amount of the asset exceeds its estimated fair value. Estimated fair value is determined using management's best estimate of future cash flows discounted to a present value amount.

### ***Goodwill***

As a result of the adoption of SFAS No. 142, goodwill is tested at least annually, as of September 30, for impairment. Significant assumptions are required in performing goodwill impairment tests. Such tests include determining whether the estimated fair value of AllianceBernstein, the reporting unit, exceeds its book value. There are several methods of estimating AllianceBernstein's fair value, which includes valuation techniques such as market quotations and discounted expected cash flows. In developing estimated fair value using a discounted cash flow valuation technique, business growth rate assumptions are applied over the estimated life of the goodwill asset and the resulting expected cash flows are discounted to arrive at a present value amount that approximates fair value. These assumptions consider all material events that have impacted, or that we believe could potentially impact, future discounted expected cash flows. As of September 30, 2007, the impairment test indicated that goodwill was not impaired. However, future tests may be based upon different assumptions which may or may not result in an impairment of this asset. Any impairment could reduce materially the recorded amount of the goodwill asset with a corresponding charge to our earnings.

### ***Intangible Assets***

Acquired intangibles are recognized at fair value and amortized over their estimated useful lives of twenty years. Intangible assets are evaluated for impairment quarterly. A present value technique is applied to management's best estimate of future cash flows to estimate the fair value of intangible assets. Estimated fair value is then compared to the recorded book value to determine whether an impairment is indicated. The estimates used include estimating attrition factors of customer accounts, asset growth rates, direct expenses and fee rates. We choose assumptions based on actual historical trends that may or may not occur in the future. Management believes that intangible assets were not impaired as of September 30, 2007. However, future tests may be based upon different assumptions which may or may not result in an impairment of this asset. Any impairment could reduce materially the recorded amount of intangible assets with a corresponding charge to our earnings.

### ***Retirement Plan***

We maintain a qualified, noncontributory, defined benefit retirement plan covering current and former employees who were employed by the company in the United States prior to October 2, 2000. The amounts recognized in the consolidated financial statements related to the retirement plan are determined from actuarial valuations. Inherent in these valuations are assumptions including expected return on plan assets, discount rates at which liabilities could be settled, rates of annual salary increases, and mortality rates. The assumptions are reviewed annually and may be updated to reflect the current environment. A summary of the key economic assumptions are described in Note 14 to AllianceBernstein's consolidated financial statements in our Form 10-K for the year ended December 31, 2006. In accordance with U.S. generally accepted accounting principles, actual results that differ from those assumed are accumulated and amortized over future periods and, therefore, affect expense recognized and liabilities recorded in future periods.

In developing the expected long-term rate of return on plan assets of 8.0%, we considered the historical returns and future expectations for returns for each asset category, as well as the target asset allocation of the portfolio. The expected long-term rate of return on assets is based on weighted average expected returns for each asset class. We assumed a target allocation weighting of 50% to 70% for equity securities, 20% to 40% for debt securities, and 0% to 10% for real estate investment trusts. Exposure of the total portfolio to cash equivalents on average is not expected to exceed 5% of the portfolio's value on a market value basis. The plan seeks to provide a rate of return that exceeds applicable benchmarks over rolling five-year periods. The benchmark for the plan's large cap domestic equity investment strategy is the S&P 500 Index; the small cap domestic equity investment strategy is measured against the Russell 2000 Index; the international equity investment strategy is measured against the MSCI EAFE Index; and the fixed income investment strategy is measured against the Lehman Brothers Aggregate Bond Index. The actual rate of return on plan assets was 9.0%, 13.7%, and 9.0% in 2006, 2005, and 2004, respectively. A 25 basis point adjustment, up or down, in the expected long-term rate of return on plan assets would have decreased or increased the 2006 net pension charge of \$4.9 million by approximately \$0.1 million.

The objective of our discount rate assumption was to reflect the rate at which the pension benefits could be effectively settled. In making this determination, we took into account the timing and amount of benefits that would be available under the plan's lump sum option. To that effect, our methodology for selecting the discount rate as of December 31, 2006 was to match the plan's cash flows to that of a yield curve that provides the equivalent yields on zero-coupon corporate bonds for each maturity. Benefit cash flows due in a particular year can be "settled" theoretically by "investing" them in the zero-coupon bond that matures in the same year. The discount rate is the single rate that produces the same present value of cash flows. The selection of the 5.90% discount rate as of December 31, 2006 represents the approximate mid-point (to the nearest five basis points) of the single rates determined under two independently constructed yield curves, one of which, prepared by Mercer Human Resources, produced a rate of 5.94%; the other, prepared by Citigroup, produced a rate of 5.89%. The discount rate as of December 31, 2005 was 5.65%, which was used in developing the 2006 net pension charge. A lower discount rate increases pension expense and the present value of benefit obligations. A 25 basis point adjustment, up or down, in the discount rate (along with a corresponding adjustment in the assumed lump sum interest rate) would have decreased or increased the 2006 net pension charge of \$4.9 million by approximately \$0.6 million.

### **Loss Contingencies**

Management continuously reviews with legal counsel the status of regulatory matters and pending or threatened litigation. We evaluate the likelihood that a loss contingency exists in accordance with SFAS No. 5, which requires a loss contingency to be recorded if it is probable and reasonably estimable as of the date of the financial statements. *See Note 5 to AllianceBernstein's condensed consolidated financial statements contained in Item 1 of this Form 10-Q.*

### **ACCOUNTING PRONOUNCEMENTS**

*See Note 9 to AllianceBernstein's condensed consolidated financial statements contained in Item 1 of this Form 10-Q.*

### **CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements provided by management 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 that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The most significant of these 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 regulations and rates, and the manner in which the earnings of publicly traded partnerships are taxed. We caution readers to carefully consider such factors. Further, such forward-looking statements speak only as of the date on which such statements are made; we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. For further information regarding these forward-looking statements and the factors that could cause actual results to differ, *see "Risk Factors" in Part I, Item 1A of our Form 10-K for the year ended December 31, 2006 and Part II, Item 1A of this Form 10-Q.* Any or all of the forward-looking statements that we make in this Form 10-Q or any other public statements we issue may turn out to be wrong. It is important to remember that other factors besides those listed in "Risk Factors" and those listed below could also adversely affect our revenues, financial condition, results of operations, and business prospects.

The forward-looking statements referred to in the preceding paragraph include statements regarding the outcome of litigation. Litigation is inherently unpredictable, and excessive damage awards do occur. Though we have stated that we do not expect certain legal proceedings to have a material adverse effect on results of operations or financial condition, any settlement or judgment with respect to a legal proceeding could be significant, and could have a material adverse effect on our results of operations or financial condition.

The forward-looking statements referred to above also include a description of estimated earnings guidance and related assumptions provided for full year 2007, which was included in our third quarter 2007 Earnings Release, and which is not being updated in this Report. That earnings guidance was based on information available as of the date of the Earnings Release and a number of assumptions, including, but not limited to, the following: net asset inflows for the fourth quarter of 2007 continuing at levels similar to the third quarter of 2007 (adjusted to exclude the above-referenced \$6 billion of index mandate terminations) and assumes equity and fixed income market returns at annual rates of 8% and 5%, respectively, for the fourth quarter. Net inflows of client assets are subject to domestic and international securities market conditions, competitive factors, and relative performance, each of which may have a negative effect on net inflows; capital market performance is inherently unpredictable. In view of these factors, and particularly given the volatility of capital markets (and the effect of such volatility on performance fees and the value of investments in respect of incentive compensation) and the difficulty of predicting client asset inflows and outflows, our earnings estimates should not be relied on as predictions of actual performance, but only as estimates based on assumptions that may or may not be correct. There can be no assurance that we will be able to meet the investment and service goals and needs of our clients or that, even if we do, it will have a positive effect on our financial performance.

In addition, the forward-looking statements we make in this Report include our anticipation that the level of net asset flows into our institutional channel will improve in 2008 due to our growing momentum in the defined contribution market, that robust growth will continue in our private client channel, and that we are optimistic about the long-term outlook for our retail business. The market for defined contribution plan investment services is highly competitive and we may not be successful in winning new mandates. Also, before they are funded, institutional mandates do not represent legally binding commitments to fund and, accordingly, the possibility exists that not all mandates will be funded in the amounts and at the times we currently anticipate. Growth in the private client and retail channels may be impaired by changes in competitive and securities market conditions and relative performance. The actual performance of the capital markets and other factors beyond our control will affect our investment success for clients and asset inflows.

## **OTHER INFORMATION**

With respect to the unaudited condensed consolidated interim financial information of AllianceBernstein for the three-month and nine-month periods ended September 30, 2007, included in this quarterly report on Form 10-Q, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated November 2, 2007 appearing herein states that they did not audit and they do not express an opinion on the unaudited condensed consolidated interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act for their report on the unaudited condensed consolidated interim financial information because that report is not a "report" or a "part" of registration statements prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Securities Act.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes to AllianceBernstein's market risk for the quarterly period ended September 30, 2007.

### **Item 4. Controls and Procedures**

#### ***Disclosure Controls and Procedures***

AllianceBernstein maintains a system of disclosure controls and procedures that is designed to ensure that information required to be disclosed in our reports under the Exchange Act is (i) recorded, processed, summarized, and reported in a timely manner, and (ii) accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to permit timely decisions regarding our disclosure.

As of the end of the period covered by this report, management carried out an evaluation, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures are effective.

***Changes in Internal Control over Financial Reporting***

No change in our internal control over financial reporting occurred during the third quarter of 2007 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## Part II

### OTHER INFORMATION

#### **Item 1. Legal Proceedings**

*See Note 5 to the condensed consolidated financial statements contained in Part I, Item 1 of this Form 10-Q.*

#### **Item 1A. Risk Factors**

In addition to the information set forth below, please consider carefully “*Risk Factors*” in *Part I, Item 1A* of our Form 10-K for the year ended December 31, 2006. Such factors could materially affect our revenues, financial condition, results of operations, and business prospects. *See also our cautions regarding forward-looking statements in Part I, Item 2 of this Form 10-Q.*

**Changes in the partnership structure of Holding and AllianceBernstein and/or changes in the tax law governing partnerships would have significant tax ramifications.**

Holding, having elected under Section 7704(g) of the Internal Revenue Code of 1986, as amended (“Code”), to be subject to a 3.5% federal tax on partnership gross income from the active conduct of a trade or business, is a “grandfathered” publicly traded partnership for federal income tax purposes. Holding is also subject to the 4.0% New York City unincorporated business tax (“UBT”), net of credits for UBT paid by AllianceBernstein. In order to preserve Holding’s status as a “grandfathered” publicly traded partnership for federal income tax purposes, management ensures that Holding does not directly or indirectly (through AllianceBernstein) enter into a substantial new line of business. A “new line of business” would be any business that is not closely related to AllianceBernstein’s historical business of providing research and diversified investment management and related services to its clients. A new line of business is “substantial” when a partnership derives more than 15% of its gross income from, or uses more than 15% of its total assets in, the new line of business.

AllianceBernstein is a private partnership for federal income tax purposes and, accordingly, is not subject to federal and state corporate income taxes. However, AllianceBernstein is subject to the 4.0% UBT. Domestic corporate subsidiaries of AllianceBernstein, which are subject to federal, state and local income taxes, are generally included in the filing of a consolidated federal income tax return with separate state and local income tax returns being filed. Foreign corporate subsidiaries are generally subject to taxes at higher rates in the foreign jurisdiction where they are located. As our business increasingly operates in countries other than the U.S., our effective tax rate continues to increase because our international subsidiaries are subject to corporate level taxes in the jurisdictions where they are located.

In order to preserve AllianceBernstein’s status as a private partnership for federal income tax purposes, AllianceBernstein Units must not be considered publicly traded. The Amended and Restated Agreement of Limited Partnership of AllianceBernstein provides that all transfers of AllianceBernstein Units must be approved by AXA Equitable and the General Partner; AXA Equitable and the General Partner approve only those transfers permitted pursuant to one or more of the safe harbors contained in relevant treasury regulations. If such units were considered readily tradable, AllianceBernstein would be subject to federal and state corporate income tax on its net income. Furthermore, as noted above, should AllianceBernstein enter into a substantial new line of business, Holding, by virtue of its ownership of AllianceBernstein, would lose its status as a grandfathered publicly traded partnership and would become subject to corporate income tax as set forth above.

Earlier this year, Congress proposed tax legislation that would cause certain partnerships whose partnership interests are traded in a public market (“PTPs”) and that derive income from investment adviser or asset management services to be taxed as corporations, thus subjecting their income to a higher level of income tax. Holding is a PTP that derives its income from such services through its ownership interest in AllianceBernstein. However, our review of the legislation in the form proposed confirms our belief that Holding’s PTP status would not be affected. In addition, we have received consistent indications from a number of individuals involved in the legislative process that Holding’s tax status is not the focus of the proposed legislation, and that they do not expect to change that approach. However, we cannot predict whether, or in what form, the proposed tax legislation will pass, and are unable to determine what effect any new legislation might have on us. If Holding were to lose its federal tax status as a grandfathered PTP, it would be subject to corporate income tax, which would reduce materially its net income and quarterly distributions to Holding Unitholders.

In its current form, the proposed legislation would not affect AllianceBernstein, because it is a private partnership.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

**ISSUER PURCHASES OF EQUITY SECURITIES**

<b>Period</b>	<b>(a) Total Number of Units Purchased</b>	<b>(b) Average Price Paid Per Unit, net of Commissions</b>	<b>(c) Total Number of Units Purchased as Part of Publicly Announced Plans or Programs</b>	<b>(d) Maximum Number (or Approximate Dollar Value) of Units that May Yet Be Purchased Under the Plans or Programs</b>
7/1/07 – 7/31/07	—	\$ —	—	—
8/1/07 – 8/31/07	—	—	—	—
9/1/07 – 9/30/07	1,100	83.13	—	—
<b>Total</b>	<b>1,100</b>	<b>\$ 83.13</b>	—	—

On September 6, 2007, AXA Financial purchased a total of 1,100 AllianceBernstein Units from two unaffiliated unitholders in private transactions. The purchases were reported on Forms 4 filed September 7, 2007.

**Item 3. Defaults Upon Senior Securities**

None.

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

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

[10.1](#) Amendment and Restatement of the Profit Sharing Plan for Employees of AllianceBernstein L.P. (as amended through September 1, 2007).

[10.2](#) Amendment and Restatement of the Retirement Plan for Employees of AllianceBernstein L.P. (as amended through September 1, 2007).

[15.1](#) Letter from PricewaterhouseCoopers LLP, our independent registered public accounting firm, regarding unaudited interim financial information.

[31.1](#) Certification of Mr. Sanders furnished pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

[31.2](#) Certification of Mr. Joseph furnished pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

[32.1](#) Certification of Mr. Sanders furnished for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

[32.2](#) Certification of Mr. Joseph furnished for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**SIGNATURE**

Pursuant to the requirements 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.

Date: November 2, 2007

**ALLIANCEBERNSTEIN L.P.**

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

AMENDMENT AND RESTATEMENT  
OF THE  
PROFIT SHARING PLAN FOR EMPLOYEES  
OF  
ALLIANCEBERNSTEIN L.P.

(As amended through September 1, 2007)

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PROFIT SHARING PLAN FOR EMPLOYEES

OF

ALLIANCEBERNSTEIN L.P

WHEREAS, the Profit Sharing Plan for Employees of AllianceBernstein L.P. (the "Plan") (formerly known as the Profit Sharing Plan for Employees of Alliance Capital Management L.P.) was originally established effective as of January 1, 1972 by the predecessor of Alliance Capital Management L.P.; and

WHEREAS, the Plan was amended and restated from time to time to reflect changes in the predecessor's business, changes in applicable law and the investment in Units of AllianceBernstein Holding L.P. ("AllianceBernstein Holding"); and

WHEREAS, the Plan was amended effective January 1, 1995 to reflect the merger of the Alliance Capital Management L.P. Profit Sharing Plan for Former Employees of Equitable Capital Management Corporation with and into this Plan; and

WHEREAS, the Plan was amended to comply with the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") and other applicable legislation, which provisions reflecting EGTRRA are intended as good faith compliance with the requirements of EGTRRA and are to be construed in accordance with EGTRRA and guidance issued thereunder; and

WHEREAS, the Plan was amended and restated, effective as of January 1, 2006, to incorporate all Plan amendments adopted since the Plan was last amended and restated and certain additional design changes, changes required to comply with applicable law and to reflect the name change of Alliance Capital Management L.P. to AllianceBernstein L.P.

NOW, THEREFORE, the Plan is hereby amended and restated, as of September 1, 2007, to incorporate certain additional design changes.

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ARTICLE I

DEFINITIONS.

For the purposes of this Plan, except as otherwise herein expressly provided or unless the context otherwise requires, when capitalized:

Section 1.01. “Account” means any one or more of the following accounts maintained by the Committee for a Member:

- (a) his Company Contributions Account;
- (b) his Member Contributions Account;
- (c) his Member Salary Deferral Account; and
- (d) his Rollover Account.

Section 1.02. “Act” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

Section 1.03. “Accounting Date” means the last business day of each Plan Year and any other date which may be determined by the Committee under uniform and non-discriminatory procedures established by the Committee.

Section 1.04. “After-Tax Rollover Contributions” means an amount of after-tax employee contributions contributed or transferred to the Trust in accordance with Section 5.03(b).

Section 1.05. “Anniversary Year” means each twelve (12) month period beginning on an Employee’s Employment Commencement Date or any annual anniversary thereof.

Section 1.06. “Affiliate” means any corporation or unincorporated business (a) controlled by, or under common control with, the Company within the meaning of Code Sections 414(b) and (c), or (b) which is a member of an “affiliated service group”, as defined in Code Section 414(m), of which the Company is a member.

Section 1.07. “Assignor Limited Partner” shall mean Alliance ALP, Inc., a Delaware corporation, or any individual, corporation, association, partnership, joint venture, entity, estate or other entity or organization designated by the general partner of the Company to serve as a substitute therefore.

Section 1.08. “Beneficiary” means the person (including a trust or estate of a Member) designated by a Member, or who may otherwise be entitled under the terms of the Plan to receive the balance, if any, of the Member’s Accounts upon the Member’s death.

Section 1.09. “Board” means the Board of Directors of the general partner of the Company responsible for the management of the Company’s business, or a committee thereof designated by such Board.

Section 1.10. “Break in Service” means, with respect to any Employee, any Anniversary Year ending on or after the date of his Separation from Service and before his date of re-employment, if any, in which he does not complete more than five hundred (500) Hours of Service with Employers or Affiliates.

Section 1.11. “Code” means the Internal Revenue Code of 1986, as amended from time to time.

Section 1.12. “Committee” or “Administrative Committee” means the administrative committee appointed pursuant to Section 11.01. “Investment Committee” means the investment committee appointed pursuant to Section 11.02.

Section 1.13. “Company” means AllianceBernstein L.P. and any successor thereto; prior to February 24, 2006, known as Alliance Capital Management L.P.; and prior to April 21, 1988, known as Alliance Capital Management Corporation.

Section 1.14. “Company Contribution” means a contribution for a Plan Year made by an Employer to the Trust pursuant to Section 4.01 or Section 4.02, but not Section 5.01, including any amount to be applied from the Unallocated Forfeitures Account in reduction of the contribution which would otherwise be made for the Plan Year involved.

Section 1.15. “Company Contributions Account” means the Account consisting of the balance attributable to Company Contributions.

Section 1.16. “Compensation” means a Member’s base salary (or Draw, if no base salary) received for services rendered to an Employer, which term shall include the amount of a Member’s Salary Deferral and any other salary deferrals pursuant to Code Sections 401(k), 125 or 132(f), but shall not include overtime pay, bonuses, severance pay, distributions on Units, reimbursement for moving expenses, reimbursement for educational expenses, reimbursement for any other expenses, contributions or benefits paid under this Plan or any other plan of deferred compensation, or any other extraordinary item of compensation or income; provided that in the case of a Member whose compensation from an Employer includes commissions, commissions shall be included only to the extent that the Member’s aggregate compensation taken into account does not exceed \$100,000 and provided further that such amount shall be prorated for those Members (based on amount of service as a Member (as defined pursuant to Article IV)) for purposes of Company Profit Sharing Contributions and Company Matching Contributions. In addition, Compensation shall not include amounts paid to non-resident aliens which do not constitute income from United States sources (within the meaning of Code Section 862) except in the case of a non-resident alien who is a Member and for whom the Company so specifies. Effective as of January 1, 2006, Compensation of a Member in excess of \$220,000 (or such other amount prescribed under Code Section 401(a)(17), including any cost-of-living adjustments) shall not be taken into account under the Plan for the purpose of determining benefits.

Compensation shall include Deemed 125 Compensation. "Deemed 125 Compensation" shall mean, in accordance with Internal Revenue Service Revenue Ruling 2002-27, 2002-20 I.R.B. 925, any amounts not available to a Member in cash in lieu of group health coverage because the Member is unable to certify that he or she has other health coverage. An amount shall be treated as Deemed 125 Compensation only if the Employer does not request or collect information regarding the Member's other health coverage as part of the enrollment process for the health plan.

Section 1.17. "Draw" means compensation received on a regular basis at a consistent rate which may be offset against commissions earned by an Employee who does not receive base salary.

Section 1.18. "ECMC Plan" means the Alliance Capital Management L.P. Profit Sharing Plan for Former Employees of Equitable Capital Management Corporation as in effect immediately prior to January 1, 1995.

Section 1.19. ( a) "Employee" means, except as provided in Subsection (c), any person employed by an Employer or an Affiliate.

(b) An Excluded Employee (as defined in Subsection (c)) shall be considered an Employee for all purposes under the Plan except that:

- (1) an Excluded Employee may not become a Member while he remains an Excluded Employee; and
- (2) a Member who becomes an Excluded Employee shall be an Inactive Member while he remains an Excluded Employee.

(c) An Excluded Employee shall mean an individual in the employ of an Employer or an Affiliate who:

- (1) is employed by an Affiliate that is not an Employer; or
- (2) included in a unit of employees covered by a collective bargaining agreement between employee representatives and one or more Employers or Affiliates, if retirement benefits were the subject of good faith bargaining between such employee representatives and any such Employer or Affiliate; or
- (3) is not an Excluded Employee under Paragraph (4) of this Subsection (c) and is neither a resident nor a citizen of the United States, nor receives "earned income", within the meaning of Code Section 911(b), from an Employer or Affiliate that constitutes income from sources within the United States, within the meaning of Code Section 861(a)(3), unless the individual became a Participant prior to becoming a non- resident alien and the Company stipulates that he shall not be an Excluded Employee; or
- (4) is not a citizen of the United States, unless the individual (A) was initially engaged as an Employee by an Employer or an Affiliate to render services entirely or primarily in the United States; or (B) is an Employee of an Employer which is a United States entity, and unless, in the case of an individual referred to in either Subparagraph (A) or (B) of this Paragraph 4, the Company stipulates that he shall not be an Excluded Employee; or

(5) is accruing benefits and/or receiving contributions under a retirement plan of an Affiliate which operates entirely or primarily outside the United States other than this Plan or the Retirement Plan for Employees of AllianceBernstein L.P. unless, in either case, the Company stipulates that he shall not be an Excluded Employee; or

(6) is a "leased employee." For purposes of this Plan, "leased employee" means, any person (other than an Employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Code Section 414(n)(6) on a substantially full time basis for a period of at least one year, and such services are performed under primary direction or control by the recipient employer; or

(7) is classified by the Employer at the time services are provided as either an independent contractor, or an individual who is not classified as an Employee due to an Employer's treatment of any services provided by him as being provided by another entity which is providing such individual's services to the Employer, even if such individual is later retroactively reclassified as an Employee during all or part of such period during which services were provided pursuant to applicable law or otherwise.

Section 1.20. "Employer" means the Company and any Affiliate which, with the consent of the Board, has adopted the Plan as a participant herein, and any successor to any such Employer.

Section 1.21. "Employment Commencement Date" means:

(a) the date on which an Employee first performs an Hour of Service; or

(b) in the case of a former Employee who has incurred a Break in Service, the date on which he first completes an Hour of Service following his Separation from Service.

Section 1.22. "Entry Date" means January 1 and July 1 of each Plan Year after 1988. Notwithstanding the foregoing, as provided in Section 2.01(b), for purposes of a Member's eligibility to make Member Salary Deferrals to a Member Salary Deferral Account established in accordance with the provisions of Article V, "Entry Date" shall mean the first day of the calendar month occurring after the completion of the Member's first regular payroll period; and further provided that, effective on and after September 1, 2007, "Entry Date" shall mean the first day that is administratively feasible following the Employee's Employment Commencement Date.

Section 1.23. "Highly Compensated Employee" means an Employee who, with respect to the "determination year":

(a) owned (or is considered as owning within the meaning of Code Section 318) at any time during the "determination year" or "look-back year" more than five percent of the outstanding stock of the Employer or stock possessing more than five percent of the total combined voting power of all stock of the Employer (the attribution of ownership interest to "Family Members" shall be used pursuant to Code Section 318); or

(b) who received “415 Compensation” during the “look-back year” from the Employer in excess of \$80,000 and was in the Top Paid Group of Employees for the “look-back year”.

The “determination year” shall be the Plan Year for which testing is being performed. The “look-back year” shall be the Plan Year immediately preceding the “determination year.”

For purposes of this Section, “415 Compensation” shall mean compensation reported as wages, tips and other compensation on Form W-2 and shall include: (i) any elective deferral (as defined in Code Section 402(g)(3)) and (ii) any amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of Code Sections 125, 132(f)(4), 401(k) or 457.

The dollar threshold amount specified in (b) above shall be adjusted at such time and in such manner as is provided in Regulations. In the case of such an adjustment, the dollar limits which shall be applied are those for the calendar year in which the “determination year” or “look-back year” begins.

In determining who is a Highly Compensated Employee, Employees who are nonresident aliens and who received no earned income (within the meaning of Code Section 911(d)(2)) from the Employer constituting United States source income within the meaning of Code Section 861(a)(3) shall not be treated as Employees.

Additionally, all Affiliated Employers shall be taken into account as a single employer and Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) shall be considered Employees unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and are not covered in any qualified plan maintained by the Employer. The exclusion of Leased Employees for this purpose shall be applied on a uniform and consistent basis for all of the Employer’s retirement plans. Highly Compensated Former Employees shall be treated as Highly Compensated Employees without regard to whether they performed services during the “determination year”.

Section 1.24. “Highly Compensated Former Employee” means a former Employee who had a separation year prior to the “determination year” and was a Highly Compensated Employee in the year of separation from service or in any “determination year” after attaining age 55. Highly Compensated Former Employees shall be treated as Highly Compensated Employees. The method set forth in this Section for determining who is a “Highly Compensated Former Employee” shall be applied on a uniform and consistent basis for all purposes for which the Code Section 414(q) definition is applicable.

Section 1.25. (a) “Hour of Service” means:

(1) each hour for which an Employee is paid, or entitled to payment, by an Employer or Affiliate for the performance of duties for such Employer or Affiliate, credited for the Plan Year or other computation period in which such duties were performed; or

(2) each hour of a period during which no duties are performed due to vacation, holiday, illness, incapacity, layoff, jury duty, military duty or leave of absence, determined in accordance with the following rule: he shall be credited with (45) Hours of Service for each week or partial week of the period of absence.

(3) each hour during the Employee's period of service in the Armed Forces of the United States, credited on the basis of forty (40) Hours of Service for each week, or eight (8) Hours of Service for each weekday, of such service, if the Employee retains re-employment rights under the Military Selective Service Act and is re-employed by an Employer or Affiliate within the period provided by such Act; and

(4) each hour for which an Employee has been awarded, or is otherwise entitled to, back pay from an Employer or Affiliate, irrespective of mitigation of damages, if he is not entitled to credit for such hour under any other paragraph in this Subsection (a).

(5) (A) solely for purposes of Section 1.10, each hour of an Employee's absence commencing on or after January 1, 1985:

(i) by reason of leave pursuant to the FMLA;

(ii) by reason of the pregnancy of such Employee;

(iii) by reason of the birth of a child of such Employee;

(iv) by reason of the placement of a child in connection with the adoption of such child by the Employee; or

(v) for purposes of caring for such child for a period beginning immediately following such birth or placement, determined in accordance with Subparagraphs (B), (C) and (D).

(B) The number of hours credited to an Employee pursuant to Subparagraph (A) shall be:

(i) the number of hours which otherwise would normally have been credited to such Employee but for such absence; or

(ii) in any case in which the Plan cannot determine the number of hours which would normally be credited to such individual, a total of eight (8) Hours of Service for each day of such absence,

except that the total number of Hours of Service credited to an Employee under this Paragraph (5) shall not exceed 501 Hours of Service for any such period of absence.

(C) The Hours of Service credited to an Employee pursuant to this Paragraph (5) shall be credited:



(i) only in the Anniversary Year in which such period of absence began, if such Employee would be prevented from incurring a Break in Service in such Anniversary Year solely because of the crediting of Hours of Service during such period of absence pursuant to this Paragraph (5); or

(ii) in any other case, in the Anniversary Year next succeeding the commencement of such period of absence.

(D) Notwithstanding the foregoing, an Employee shall not be credited with Hours of Service pursuant to this Paragraph (5) unless such Employee shall furnish to the Committee, on a timely basis, such information as the Committee shall reasonably require to establish:

(i) that the absence from work is for a reason described in Subparagraph (A) hereof; and

(ii) the number of days during which such absence continued.

(b) The number of Member's Hours of Service and the Plan Year or other computation period to which they are to be credited shall be determined in accordance with Section 2530.200b-2 of the Rules and Regulations for minimum Standards for Employee Pension Benefit Plans, which Section is hereby incorporated by reference into this Plan.

(c) An Employee's Hours of Service need not be determined from employment records, and such Employee may, in accordance with uniform and non-discriminatory rules adopted by the Committee, be credited with forty-five (45) Hours of Service for each week in which he would be credited with any Hours of Service under the provisions of Subsection (a) or (b).

Section 1.26. "Inactive Member" means a Member described in Section 2.02(b). An Inactive Member shall be treated as a Member for purposes of Article VII and Section 11.03, but shall not otherwise be deemed a Member of the Plan.

Section 1.27. "Independent Fiduciary" means a person or entity who is not an employee or officer of the Company or its Affiliates who is appointed by the Company pursuant to Section 7.10 to perform the functions described therein.

Section 1.28. "Initial Automatic Enrollment Percentage" means the percentage of a Member's Salary Reduction Compensation as defined in Section 5.01(c) that is contributed to his Member Salary Deferral Account where a Member fails to make an affirmative election to make contributions to his Member Salary Deferral Account. The Initial Automatic Enrollment Percentage shall be three percent (3%).

Section 1.29. "Investment Fund" means those investment funds which may, from time to time, be made available for investment pursuant to Article VII.

Section 1.30. "Leave of Absence" means any absence or leave approved by an Employee's Employer.

Section 1.31. “Loan Account” means the account maintained by the Committee for a “Borrower” as defined in Section 7.07 in which a loan by the Borrower made pursuant to that Section is held.

Section 1.32. “Member” means any person who has been admitted to membership in this plan pursuant to Section 2.01 or 2.03 and whose membership has not terminated pursuant to Section 2.02. In addition, for purposes of Article VII and Section 11.03, the term “Member” includes a former Member or Beneficiary for whom an Account is maintained under the Plan.

Section 1.33. “Member Contributions Account” means the Account maintained for a Member in which are held (a) voluntary contributions made under the Plan by the Member prior to 1989, if any, (b) “member contributions” (as defined in the ECMC Plan) made under the ECMC Plan prior to January 1, 1995, if any, (c) after-tax contributions made under the SCB Savings or Cash Option Plan for Employees, if any, and (d) After-Tax Rollover Contributions made hereunder on or after September 1, 2007, if any.

Section 1.34. “Member Salary Deferral” means an elective salary deferral made by a Member in accordance with Section 5.01.

Section 1.35. “Member Salary Deferral Account” means the Account of a Member established pursuant to Section 7.02 consisting of the balance attributable to his Member Salary Deferrals.

Section 1.36. “Normal Retirement Date” means the first day of the calendar month coincident with or next following a Member’s sixty-fifth (65th) birthday.

Section 1.37. “Permanent Disability” means a physical or mental disability which a licensed physician acceptable to the Company has certified as permanent or likely to be permanent and as rendering the Member unable to perform his customary duties. In the determination of Permanent Disability, the Company shall act in a uniform and non-discriminatory manner with respect to all Employees similarly situated.

Section 1.38. “Plan” means this Profit Sharing Plan, as herein set forth, and as hereafter amended from time to time.

Section 1.39. “Plan Year” means the calendar year.

Section 1.40. “Required Beginning Date” means

(a) for a Member who is not a 5-percent owner (as defined in Code Section 416) in the Plan Year in which he attains age 70½ and who attains age 70½ after December 31, 1998, April 1 of the calendar year following the calendar year in which occurs the later of the Member’s (i) attainment of age 70½ or (ii) Retirement.

(b) for a Member who (i) is a 5-percent owner (as defined in Code Section 416) in the Plan Year in which he attains age 70½, or (ii) attains age 70½ before January 1, 1999, April 1 of the calendar year following the calendar year in which the Member attains age 70½.

Notwithstanding the foregoing, effective January 1, 2004, the Required Beginning Date of any Member who attained age 70½ prior to January 1, 1998 is the April 1 of the calendar year following the calendar year in which occurs the later of the Member's (i) attainment of age 70½ or (ii) Separation from Service; provided that, if such a Member who has commenced receiving minimum distributions in accordance with Section 401(a)(9) of the Code does not elect, pursuant to Section 10.08(h) of the Plan, to cease receiving such minimum distributions, the Required Beginning Date of such Member shall be age 70½.

Section 1.41. "Retirement" means a Separation from Service (a) on or after a Member's Normal Retirement Date; or (b) on account of his Permanent Disability.

Section 1.42. "Rollover Account" means the Account attributable to contributions and transfers referred to in Section 5.03(a).

Section 1.43. "Rollover Contribution" means an amount contributed or transferred to the Trust in accordance with Section 5.03(a).

Section 1.44. "Separation from Service" means termination of employment with an Employer or Affiliate for any reason; provided, however, that no Separation from Service shall be deemed to occur upon an Employee's transfer from the employ of one Employer or Affiliate to another Employer or Affiliate.

Section 1.45. "Testing Compensation" means income reported as wages, tips and other compensation on Form W-2 plus pre-tax deductions under Code Sections 125, 132(f), 401(k), and 402(g)(3). Testing Compensation shall include Deemed 125 Compensation, as defined in Section 1.16 of the Plan.

Section 1.46. "Top Paid Group" means the top 20 percent of Employees who performed services for the Employer during the applicable year, ranked according to the amount of "415 Compensation" (determined for this purpose in accordance with Section 1.23) received from the Employer during such year. All Affiliated Employers shall be taken into account as a single employer, and Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) shall be considered Employees unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and are not covered in any qualified plan maintained by the Employer. Employees who are non-resident aliens and who received no earned income (within the meaning of Code Section 911(d)(2) from the Employer constituting United States source income within the meaning of Code Section 861(a)(3) shall not be treated as Employees. Additionally, for the purpose of determining the number of active Employees in any year, the following additional Employees shall also be excluded; however, such Employees shall still be considered for the purpose of identifying the particular Employees in the Top Paid Group:

- (a) Employees with less than six (6) months of service;
- (b) Employees who normally work less than 17 ½ hours per week;
- (c) Employees who normally work less than six (6) months during a year; and

(d) Employees who have not yet attained age 21.

Section 1.47. “Trust” means the trust established pursuant to the Trust Agreement to hold the assets of the Plan.

Section 1.48. “Trust Agreement” means the trust agreement providing for the Trust Fund.

Section 1.49. “Trust Fund” means all the assets of the Plan which are held by the Trustee under the Trust Agreement.

Section 1.50. “Trustee” means the trustee or trustees from time to time in office under the Trust Agreement.

Section 1.51. “Unallocated Forfeitures Account” means the Account to be maintained by the Committee pursuant to Section 9.06(b).

Section 1.52. “Uncashed Check Account” means the Account to be maintained by the Committee pursuant to Section 9.06(d).

Section 1.53. “Unit” means a unit representing the assignment of beneficial ownership of limited partnership interests in AllianceBernstein Holding L.P.

Section 1.54. “Years of Service” means the aggregate period of service with which an Employee is credited under the provisions of Article III.

ARTICLE II

MEMBERSHIP

Section 2.01. Admission to the Plan.

(a) Each individual who was a Member of the Plan on December 31, 1988 and who did not cease to be a Member on that date shall continue to be a Member on January 1, 1989. Each Employee whose Employment Commencement Date was before January 1, 1989 and who prior to January 1, 1989 completed at least one (1) Year of Service shall become a Member on January 1, 1989, or on the first Entry Date subsequent to the date on which he attains his twenty-first (21st) birthday, whichever is later, provided he is an Employee on such January 1, 1989 or other Entry Date, as applicable. Each Employee who would have been eligible to participate in the ECMC Plan as of January 1, 1995, if the ECMC Plan had not been merged with and into this Plan effective that date, shall become a Member of this Plan on January 1, 1995. Any person who was either (i) a participant in the SCB Savings or Cash Option Plan for Employees prior to December 31, 2003 or (ii) eligible to participate in the SCB Savings or Cash Option Plan for Employees prior to December 31, 2003, shall become a Member for all purposes of the Plan on January 1, 2004, or if not an Employee on January 1, 2004, on the Employee's rehire date.

(b) (i) Except as otherwise provided in Section 2.01(a) or 2.03, an Employee of an Employer shall become a Member of the Plan solely for purposes of eligibility to make Member Salary Deferrals to a Member Salary Deferral Account established in accordance with the provisions of Article V, on the first Entry Date subsequent to the Employee's Employment Commencement Date (and, prior to January 1, 2007, or, if later, the first Entry Date subsequent to the date on which he attains his twenty-first (21st) birthday).

(ii) Except as otherwise provided in Section 2.01(a) or 2.03, an Employee of an Employer shall become a Member of the Plan, solely for purposes of eligibility to receive Company Contributions under Articles IV and VI, on the later of:

- (A) the first Entry Date subsequent to the date on which he attains his twenty-first (21st) birthday, or
- (B) the first Entry Date subsequent to the first Anniversary Year in which he completes one (1) Year of Service.

(c) Each Employee who is employed by an Affiliate that is not an Employer and who subsequently becomes an Employee of an Employer shall become a Member of the Plan:

- (1) immediately upon becoming an Employee of such Employer, if he previously satisfied the age (if any) and service requirements of Subsection (b); or
- (2) in accordance with Subsection (b), if he does not become a Member pursuant to Subsection (c)(1).

Section 2.02. Termination of Membership and Inactive Membership.

(a) A Member shall cease to be a Member as of the date of his Separation from Service, if he incurs a Break in Service in the Anniversary Year of such Separation from Service or in the following Anniversary Year.

(b) A Member shall become an Inactive Member as of the last day of his first Anniversary Year in which he completes five hundred (500) or fewer Hours of Service without having incurred a Separation from Service. An Inactive Member shall continue to be such until either (1) the date on which he ceases to be a Member pursuant to Subsection (a) or (2) the date on which he again becomes a Member pursuant to Section 2.03.

Section 2.03. Readmission to the Plan.

A former Member shall again become a Member coincident with or immediately after the date he becomes an employee, provided he is an Employee of an Employer on such rehire date. An Inactive Member shall become a Member coincident with or immediately after the date he returns to active employment.

Section 2.04. Designation of Beneficiary.

(a) Each Member may designate in writing on a form prescribed by and filed with the Committee, a Beneficiary to receive the aggregate balance of his Accounts and his Loan Account, if any, in the event that his death should occur before the entire amount of such balance has been paid to him, except that if the Member has an Eligible Spouse, such designation shall not be effective unless the Eligible Spouse has consented in writing to the designation of a Beneficiary other than such Eligible Spouse and such consent is witnessed by a member of the Committee or a Notary Public. In addition, such designation may include the designation of a secondary Beneficiary to receive such death benefit if the primary Beneficiary does not qualify or survive.

(b) If no Beneficiary has been designated, or if, for any reason no person qualifies as a Beneficiary at the time of the Member's death, or if no designated Beneficiary survives the Member, the interest of the deceased Member shall be paid to the Eligible Spouse. If the Member has no Eligible Spouse, the Committee may, but shall not be required to, designate a Beneficiary, but only from among the Member's spouse, descendants (including adoptive descendants), parents, brothers and sisters or nephews and nieces and may consider requests from any Beneficiary which it designates as to the manner of payment of the benefit. If the Committee declines to make such designation, the benefit payable hereunder upon the Member's death shall be paid in a lump sum to his estate.

(c) "Eligible Spouse" means, subject to applicable federal law and except to the extent as may otherwise be provided in any "qualified domestic relations order" within the meaning of Code Section 414(p):

(1) in the case of a Member who dies before the commencement of any installment payments pursuant to Section 10.01(b), his lawfully married spouse on the date of his death.

(2) in the case of a Member who dies after the commencement of any installment payments pursuant to Section 10.01(b), his lawfully married spouse on the date such payments commenced.

Section 2.05. Qualified Military Service Provisions.

Notwithstanding any provision of this Plan to the contrary, effective as of December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

ARTICLE III

Crediting of Service

Section 3.01. Year of Service.

Each Employee shall be credited with one Year of Service for each Anniversary Year ending after December 31, 1975 during which he completes more than five hundred (500) Hours of Service; provided, however, that:

(a) if an individual becomes a Member of the Plan after December 31, 1975, he shall not receive credit for a Year of Service for any Anniversary Year before the Anniversary Year in which he first completes one thousand (1,000) Hours of Service; and

(b) an Employee shall be credited with a Year of Service for the last Anniversary Year during which he is an Employee only if he completes at least one thousand (1,000) Hours of Service in such Anniversary Year.

Section 3.02. Number of Years of Service.

An Employee's aggregate number of Years of Service shall be computed by adding (a) his number of Years of Service completed since his last Break in Service, if any, and (b) the number of Years of Service restored pursuant to Section 3.03.

Section 3.03. Restoration of Service.

(a) If a former Member again becomes a Member after having incurred a Break in Service, he shall be credited with the Years of Service which he had completed prior to such Break in Service for all purposes.

(b) If a former Member:

(1) has incurred a number of consecutive Breaks in Service which equals or exceeds the greater of (A) five (5) or (B) the number of his Years of Service before such Breaks in Service;

(2) never had a vested interest in his Salary Deferral Account and had no vested interest in his Company Contributions Account at the time of such Break in Service; and

(3) again becomes a Member,

his Years of Service prior to such Breaks in Service shall be disregarded for all purposes under this Plan.



Section 3.04. Service with Non-employer Affiliates.

Any Years of Service completed by an Employee while in the employ of an Affiliate that is not an Employer shall be credited under this Article III on the same basis as service with an Employer.

Section 3.05. Service with Equitable Capital Management Corporation.

For purposes of determining an Employee's eligibility to participate in the Plan under Article II and vesting under Section 9.04, the Employee shall be credited under the Plan with the number of "hours of service" and "years of service", as such terms are defined in the ECMC Plan, credited to that Employee for the corresponding purpose under the ECMC Plan immediately prior to January 1, 1995, including service credited under the Equitable Investment Plan for Employees, Managers and Agents maintained by The Equitable Life Assurance Society of the United States, but disregarding in determining such Employee's eligibility to participate and vesting under this Plan any periods of service which were disregarded under the ECMC Plan, such as service disregarded due to "breaks in service", as defined in the ECMC Plan. Notwithstanding anything to the contrary in this Section 3.05 or elsewhere in the Plan, no period shall be taken into account more than once in determining the Hours of Service and Years of Service of any Employee by reason of this Section 3.05.

Section 3.06. Service with Shields and Regent.

For purposes of determining an Employee's eligibility to participate in the Plan under Article II and vesting under Section 9.04, in the case of an Employee who was an employee of either Shields Asset Management, Incorporated ("Shields") or Regent Investor Services Incorporated ("Regent") on March 4, 1994 and on that date became an Employee of an Employer or an Affiliate, the Employee's service with Shields or Regent on or prior to such date shall be considered as service with an Employer or an Affiliate.

Section 3.07. Cursitor Service.

For purposes of determining an Employee's eligibility to participate in the Plan under Article II and vesting under Section 9.04, in the case of an Employee who was an employee of Cursitor Holdings, L.P. or Cursitor Holdings Limited (individually and collectively, "Cursitor") on February 29, 1996, and on that date either was employed by or continued in the employment of Cursitor Alliance LLC, Cursitor Holdings Limited, Draycott Partners, Ltd. or Cursitor-Eaton Asset Management Company, the Employee's service with Cursitor on or prior to that date shall be considered as service with an Employer or an Affiliate.

Section 3.08. Sanford Bernstein Participants.

With respect to each Employee who was an employee of either Sanford C. Bernstein & Co, Inc. ("SCB") or Bernstein Technologies Inc. ("BTI") or one of their respective subsidiaries and who became an Employee of an Employer or an Affiliate on or after October 2, 2000, the Employee's service with SCB, BTI and their respective subsidiaries on or prior to such date shall be considered as service with an Employer or Affiliate.

ARTICLE IV

COMPANY CONTRIBUTIONS

Section 4.01. Company Profit Sharing Contributions.

The Board shall determine the Company Contribution, if any, which shall be contributed to the Trust Fund out of the Company's current and accumulated earnings and allocated to the Members' Company Contributions Accounts pursuant to Article VI in respect of each Plan Year. No Company Contribution under this Section 4.01 or Section 4.02 may be made which cannot be allocated under the provisions of Article XVI. For purposes of this Section 4.01 and Section 4.02, "current and accumulated earnings" means current and accumulated net income for book purposes. Notwithstanding anything herein to the contrary, a Member for purposes of Article IV means only those Employees who have satisfied the applicable age and service requirements of Sections 2.01(a), (b)(ii) or (c).

Section 4.02. Company Matching Contributions.

Effective for Plan Years beginning after December 31, 1989, the Company shall contribute to the Trust Fund out of the Company's current and accumulated earnings an amount equivalent to that percentage, not to exceed 100% of each Member's Member Salary Deferral elected for the Plan Year involved, such percentage to be fixed by the Board; provided that the Company may establish a limit on the amount of Member Salary Deferrals that are so matched specified either as a dollar amount or as a percentage of Compensation and provided further that any such limit may be established based on the period in which any individual is a Member of the Plan. The contribution determined under this Section 4.02 for a particular Member shall be allocated to the Member's Company Contributions Account on the basis of that Member's Member Salary Deferrals for that Plan Year, subject to any Company-established limits on Member Salary Deferrals to be matched for that Plan Year. For purposes of this Section 4.02, no contribution shall be made pursuant to this Section 4.02 with respect to Catch-up Contributions.

Section 4.03. Time of Contributions.

Contributions may be made in one or more installments at such time or times during the Plan Year, or during any additional period provided by law for the making of contributions in respect of such Plan Year, as the Company shall determine. Except as otherwise provided in the Plan, for purposes of valuing the Trust Fund and making allocations to Accounts, all contributions in respect of any Plan Year shall be deemed to have been made on the last Accounting Date of the Plan Year, regardless of the actual date of contribution.

Section 4.04. Irrevocability of Contributions.

(a) Except as provided in Subsection (b), any and all contributions made by the Company shall be irrevocable and shall be transferred to the Trustee to be used in accordance with the provisions of this Plan for providing the benefits and paying the expenses thereof. Neither such contributions nor any income therefrom shall be used for, or diverted to, purposes other than for the exclusive benefit of Members or their Beneficiaries and payment of expenses of this Plan and the Trust.

(b) (1) If any contribution is made to this Plan by a mistake of fact, such contribution shall be returned to the Company within one (1) year following the date that such contribution is made.

(2) Each Company Contribution made to this Plan is conditioned upon its deductibility under Code Section 404. Each contribution, to the extent disallowed as a deduction, may be returned to the Company within one (1) year following the date of disallowance.

MEMBER SALARY DEFERRAL ELECTIONS, SALARY DEFERRAL CONTRIBUTIONS AND ROLLOVER CONTRIBUTIONSSection 5.01. Member Salary Deferral Elections.

(a) For each Plan Year beginning after December 31, 2005, any Member may elect to defer the receipt of a portion (or such other amount as the Committee may direct) of his "Salary Reduction Compensation" while a Member for the Plan Year, in such increments that the Committee may decide, and direct the Employer to contribute the amount so deferred into the Trust to be invested in the Investment Fund or Funds designated by the Member. A Member's election shall be made in a form prescribed by the Committee filed with the Member's Employer, prior to the date that the Compensation would, but for the election, be made available to the Member, and the election shall remain in effect until it is modified or terminated, all in accordance with rules established by the Committee. In no event may a Member's salary deferral exceed the \$15,000 dollar limitation (or any higher amount that may be allowed by Treasury Regulations), as provided in Code Section 402(g). Any Member's salary deferral for any pay period may be further adjusted, at the Committee's direction and discretion, to comply with the discrimination standards applicable to Code Section 401(k) arrangements in particular, to all plans qualified under Code Section 401(a) in general, and/or with the limitations contained in Article XVI.

(b) Effective on and after September 1, 2007, in accordance with any rules, regulations and/or administrative guidelines prescribed by the Committee and unless and until otherwise elected by a Member, a Member who fails to make an affirmative election with regard to whether he wishes to make a salary deferral to his Member Salary Deferral Account shall be deemed as having made an election (i) to make contributions to his Member Salary Deferral Account pursuant to Section 5.01(a) equal to the Initial Automatic Enrollment Percentage and (ii) if no proper election is on file, to invest such contributions in the Investment Fund or Funds prescribed by the Investment Committee in its sole discretion for such purpose. Effective on and after January 1, 2008, unless or until a Member makes an affirmative election otherwise, such a Member's deemed election shall automatically be increased by one percent (1%) each January 1 to a maximum of five percent (5%) of Salary Reduction Compensation; provided, however, that if a Member's Employment Commencement Date occurs on or after July 1 of a Plan Year, such automatic increase shall not apply in the following Plan Year. No deemed election nor automatic increase described in this Section 5.01(b) shall result in the Member's salary deferral exceeding the deferral limitation set forth in Section 5.01(a) above without respect to Catch-up Contributions under Section 5.07. The Committee may establish and adopt written rules, regulations and/or administrative guidelines designed to facilitate the administration and operation of the provisions of this paragraph, as it may deem necessary or proper, in its sole discretion. For purposes of this Section 5.01(b), an Employee who satisfies the requirements to be a Member and whose deferral percentage in effect as of the first payroll period on or after September 1, 2007 is zero percent (0%) and who has no Member Salary Deferral Account balance shall be auto-enrolled hereunder unless such Employee makes an affirmative election regarding his enrollment in accordance with the rules, regulations and/or administrative guidelines prescribed by the Committee. Notwithstanding this Section 5.01(b), a Member may affirmatively elect to make contributions to his Member Salary Deferral Account in an amount equal to, less than or greater than the Initial Automatic Enrollment Percentage or the automatically increased contribution percentage, as applicable subject to such deferral limitation.

(c) “Salary Reduction Compensation” means a Member’s base salary, Draw and other draws, overtime pay, bonuses and commissions received for services rendered to an Employer, which term shall include the amount of a Member’s Salary Deferral and any other salary deferrals pursuant to Code Sections 401(k), 125 or 132(f), but shall not include, by way of example rather than by way of limitation, severance pay, distributions on Units, reimbursement for moving expenses, reimbursement for educational or other expenses, contributions or benefits paid under this Plan or any other plan of deferred compensation, expatriate tax equalization or similar payments, or any other extraordinary item of compensation or income. In addition, Salary Reduction Compensation shall not include amounts paid to non-resident aliens which do not constitute income from United States sources (within the meaning of Code Section 862) except in the case of a non-resident alien who is a Member and for whom the Company so specifies. Salary Reduction Compensation shall include Deemed 125 Compensation, as defined in Section 1.16 of the Plan. Salary Reduction Compensation for any Plan Year shall not exceed the applicable Code Section 401(a)(17) dollar limit.

Section 5.02. Allocation of Member Salary Deferral Elections.

A Salary Deferral Election made in accordance with Section 5.01 shall be allocated among the Investment Funds in accordance with the provisions of Section 7.03.

Section 5.03. Rollover Contributions and After-Tax Rollover Contributions.

(a) An Employee may, with the consent of the Committee, contribute to the Plan, or authorize the plan sponsor, administrator or trustee of a qualified employee benefit plan in which he previously participated to transfer to the Trust, any distribution or other payment or amount which is permitted to be contributed or transferred to the Trust in accordance with Code Section 402, 403(a) or 408(d)(3)(A)(ii) or any other applicable provision of the Code or the regulations or rulings thereunder permitting the contribution or transfer. Any such Rollover Contribution shall be received by the Trustee subject to the condition precedent that its transfer complies in all respects with the requirements of the applicable Code provisions, regulations or rules pertaining thereto and, upon any discovery that any such contribution or transfer does not so comply, the amount of the Rollover Contribution, together with all changes in the value of the Trust Fund allocated thereto, shall revert to the individual by or on whose behalf it was made as of the next following Accounting Date. The decision of the Committee for the Trust to accept a Rollover Contribution shall not give rise to any liability by the Committee, the Company, the Plan or the Trustee to the Employee or any other party on account of a subsequent determination that such Rollover Contribution does not qualify to be held in the Trust. A Rollover Contribution may, subject to the consent of the Committee, be made at any time during the Plan Year, shall not be subject to the limitations of Article XVI, and shall as of the Accounting Date next following receipt of the Rollover Contribution by the Trustee be allocated in full to the Member’s Rollover Account except as regards the amount thereof equal to the Member’s voluntary contributions, if any, to a qualified plan, which amount shall be allocated to the Member’s Member Contributions Account. Until so allocated the amount of a Rollover Contribution shall be held unallocated in the Trust Fund.

Notwithstanding the foregoing provisions of this Section, effective January 1, 2004, the Plan will accept a Rollover Contribution from a qualified plan described in Sections 401(a) or 403(a) of the Code, an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and the portion of a distribution from an individual retirement account or annuity described in Section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in the Member's taxable gross income.

(b) Subject to the provisions of Section 5.03(a) above, effective on and after September 1, 2007, the Plan shall accept a rollover of After-Tax Rollover Contributions that would not otherwise be includible in the Member's taxable gross income. Prior to such date, a rollover of after-tax employee contributions is not permitted hereunder.

(c) Each Employee or former Employee who becomes a participant in a pension, profit sharing or stock bonus plan described in Code Section 401(a) (a "transferee plan") may, not later than thirty (30) days (or such lesser period as is acceptable to the Committee) prior to any Accounting Date, request the Committee to direct the Trustees to, and upon such request, the Committee in its sole discretion may direct the Trustees to, transfer in cash the nonforfeitable balance in such Employee's Accounts to an account maintained by any such transferee plan on the Employee's behalf, as of such Accounting Date; provided, however, that such transferee plan permits such transfer.

(d) Any Employee who makes or causes to be made a contribution or transfer pursuant to Subsections (a) or (b) and who has not become a Member pursuant to the provisions of Article II shall, except for purposes of Sections 4.01, 5.01 and 6.01, be considered a Member of this Plan.

Section 5.04. Return of Excess Member Salary Deferral Elections.

(a) Notwithstanding any other provisions of the Plan, a Member may request the Committee in writing by no later than the March 1 following the end of the preceding calendar year, to have distributed to the Member from the Trust the amount of the Member's Member Salary Deferrals which are in excess of the amount permitted under Code Section 402(g) for such calendar year ("Excess Deferrals").

(b) Excess Deferrals claimed under subsection (a) and any income allocable to such amount including, as of January 1, 2006, income attributable to the period between the end of the Plan Year and the date of distribution, in accordance with applicable Treasury Regulations, shall be distributed from the Plan no later than April 15 of the calendar year in which the request was made. This Section 5.04 shall also apply to amounts deferred under the terms of Section 6.02(c) for Plan Years beginning after December 31, 1986.

Section 5.05. Actual Deferral Percentage Test.

(a) As used in this Section 5.05, each of the following terms shall have the meaning for that term set forth in this Section 5.05:

(i) Actual Deferral Percentage means the ratio (expressed as a percentage) of Member Salary Deferrals (other than Excess Deferrals of non-Highly Compensated Employees made under plans maintained by the Company or an Affiliate) on behalf of the Member for the Plan Year to the Member's Testing Compensation for the Plan Year.

(ii) Average Actual Deferral Percentage means the average (expressed as a percentage) of the Actual Deferral Percentages of the Members in a group, including those Members whose Actual Deferral Percentage is zero.

(b) For each Plan Year, the amount of Member Salary Deferrals shall be subject to the following:

(i) For Plan Years beginning on or after January 1, 2001, the Average Actual Deferral Percentage for Members who are Highly Compensated Employees for the Plan Year must satisfy one of the following tests:

(A) The Average Actual Deferral Percentage for Members who are Highly Compensated Employees for the Plan Year shall not exceed the Average Actual Deferral Percentage for Members who are non-Highly Compensated Employees for the Plan Year multiplied by 1.25; or

(B) The Average Actual Deferral Percentage for Members who are Highly Compensated Employees for the Plan Year shall not exceed the Average Actual Deferral Percentage for Members who are non-Highly Compensated Employees for the Plan Year multiplied by 2.0, provided that the Average Actual Deferral Percentage for Members who are Highly Compensated Employees does not exceed the Average Actual Deferral Percentage for Members who are non-Highly Compensated Employees by more than two (2) percentage points.

(ii) For Plan Years prior to 1997, the Excess Contributions (as defined in Section 5.06) under the Plan shall be eliminated by reducing the Member Salary Deferral of each Highly Compensated Employee in order of Actual Deferral Percentage beginning with the highest percentage. For Plan Years after 1996, the Excess Contributions (as defined in Section 5.06) under the Plan shall be eliminated by reducing the Member Salary Deferral of each Highly Compensated Employee in order of the dollar amount of Member Salary Deferrals on behalf of such Highly Compensated Employee, beginning with the highest dollar amount.

(c) For purposes of determining the Actual Deferral Percentage of a Member for a Plan Year, a Member Salary Deferral shall be taken into account only if such Member Salary Deferral: (i) is attributed to the Member's Account as of a date within the Plan Year; (ii) is not contingent upon any subsequent event (except as may be necessary to comply with the Code); (iii) is actually paid to the Trust within one year of the end of the Plan Year; and (iv) relates to Salary Reduction Compensation which would have been received by the Member in the Plan Year but for the Member's election to defer. Any Member Salary Deferral that fails to satisfy the foregoing requirements shall be treated as a contribution by the Employer which is not subject to Code Section 401(k) or 401(m).

(d) (i) For purposes of this Section 5.05, the Actual Deferral Percentage for any Member who is a Highly Compensated Employee for the Plan Year and who is eligible to have elective deferrals allocated to his or her account under two or more plans or arrangements described in Code Section 401(k) that are maintained by the Company or an Affiliate shall be determined as if all such elective deferrals were made under a single arrangement.

(ii) If two or more plans are aggregated for purposes of Code Section 410(b) or 401(a)(4), such plans shall be aggregated for purposes of the Average Actual Deferral Percentage test.

Section 5.06. Return of Excess Contributions.

(a) Notwithstanding any other provision of the Plan, any amount determined by the Committee to be an “Excess Contribution” as determined under Section 5.05(b)(ii), shall be distributed to Members who are Highly Compensated Employees by no later than the last day of the Plan Year following the Plan Year in which the Excess Contribution occurred.

(b) “Excess Contribution” for purposes of this Section 5.06 means a Member Salary Deferral attributable to a Highly Compensated Employee which exceeds the maximum amount of such deferral permitted under Code Section 401(k)(3)(A)(ii), and which is described in Code Section 401(k)(8)(B), plus the income allocable to such amount. The allocable income shall be calculated by multiplying the total income earned on all of the Member’s Member Salary Deferrals for the Plan Year in which the Excess Contribution is being returned by a fraction, the numerator being the Member Salary Deferral in excess of the permitted amount and the denominator being the Member’s account balance in his Member Salary Deferral Account on the Accounting Date of the prior Plan Year. The Excess Contribution otherwise distributable under this Section 5.06 shall be adjusted for investment losses and for prior distributions to the Members affected, as permitted by Treasury Regulations. Effective with respect to nondiscrimination testing for Plan Years beginning on and after January 1, 2006, income shall be allocated to Excess Contributions during the period between the end of the Plan Year and the date of distribution of the Excess Contributions in accordance with guidance published by the Internal Revenue Service. The Excess Contributions attributable to all Highly Compensated Employees, in the aggregate, shall be determined as the sum of the Excess Contributions (if any) determined for each Highly Compensated Employee, as follows: The amount (if any) by which the Member Salary Deferral of each Highly Compensated Employee must be reduced for the Member’s Actual Deferral Percentage to equal the highest permitted Actual Deferral Percentage under the Plan shall be determined. To calculate the highest permitted Actual Deferral Percentage under the Plan, the Actual Deferral Percentage of the Highly Compensated Employee with the highest Actual Deferral Percentage is reduced by the amount required to cause the Employee’s Actual Deferral Percentage to equal the Actual Deferral Percentage of the Highly Compensated Employee with the next highest Actual Deferral Percentage. If a lesser reduction would enable the Plan to satisfy the Actual Deferral Percentage test, only this lesser reduction may be made. This process must be repeated until the Plan would satisfy the Actual Deferral Percentage test. The sum of the foregoing reductions determined for each Highly Compensated Employee shall equal the dollar amount of the Excess Contributions attributable to all Highly Compensated Employees, in the aggregate.



Section 5.07. Catch-up Contributions.

(a) Notwithstanding any other provision of the Plan (other than this Section 5.07), in accordance with election procedures established by the Committee, a Catch-up Eligible Member may make additional Member Salary Deferrals for any Plan Year, without regard to (i) the limitations on Member Salary Deferral Elections set forth in Section 5.01; (ii) the limitations provided in Code section 401(a)(30), 402(h), 403(b)(1)(E), 404(h), 408(k), 408(p), 415 or 457; or (iii) the Actual Deferral Percentage limitations described in Article 5 of the Plan and Code section 401(k)(3), but only, in the case of clause (iii) as applied to a Member who is a Highly Compensated Employee, to the extent of the highest amount of Member Salary Deferrals that could be retained under the Plan by such Member for such year in accordance with Article 5 and Code section 401(k)(8)(C) (the "Applicable Maximum"). To the extent the Member Salary Deferrals by a Catch-up Eligible Member for any year exceed the Applicable Maximum, such Member's Salary Deferrals shall be deemed to be Catch-up Contributions under the Plan.

(b) The Catch-up Contributions by any Member during any Plan Year shall not exceed \$3,000 for any year beginning with 2004 or such other amount as provided under Code section 414(v).

(c) Notwithstanding any other provision of the Plan (other than this Section 5.07), Catch-up Contributions shall not be taken into account in applying the limits of Code sections 401(a)(30), 402(h), 403(b), 408, 415(c) or 457 under the Plan or any other plan maintained by the Employer. In addition, Catch-up Contributions shall not be taken into account in applying any provision under the Plan which effectuates any of the foregoing limitations, including without limitation the provisions of Articles 5, 16 and 17.

(d) This Section 5.07 is intended to comply with Code section 414(v), Treasury Regulation Section 1.414(v)-1, and any successor or other guidance issued by the Department of Treasury, and accordingly shall be interpreted consistently with such intention.

(e) "Catch-up Contribution" means a contribution under the Plan by a Catch-up Eligible Member, pursuant to Section 5.07.

(f) "Catch-up Eligible Member" means a Member who (a) is eligible to make Member Salary Deferrals pursuant to Section 5.01 and (b) is age 50 or older. For purposes of paragraph (b) above, a Member who is projected to attain age 50 before the end of the Plan Year shall be deemed to be age 50 as of January 1 of such Plan Year. The determination of a "Catch-up Eligible Member" shall be made in accordance with the requirements of Treasury Regulation Section 1.414(v)-1 and any successor or other guidance provided under Code Section 414(v) by the Department of Treasury.

ARTICLE VI

ALLOCATIONS OF COMPANY CONTRIBUTIONS AND FORFEITURES

Section 6.01. Contributions.

(a) Members Eligible to Share in Company Contributions.

The Company Contribution for each Plan Year shall be allocated and credited to the Members' Company Contributions Account in accordance with this Article as of the last Accounting Date of the Plan Year (immediately following the allocation of income and appreciation in accordance with Section 8.01) among those Members who are Employees of an Employer or an Affiliate on the Accounting Date. Notwithstanding anything herein to the contrary, a Member for purposes of Article VI means only those Employees who have satisfied the applicable age and service requirements of Sections 2.01(a), (b)(ii) or (c).

(b) Allocation of Company Contribution.

The Company Contribution under Section 4.01 for each Plan Year, determined without regard to Section 6.02(c), shall be allocated among the Members eligible for allocation in the proportion which each such Member's Compensation for such Plan Year while a Member bears to the total Compensation for all Members eligible to share in allocations pursuant to Subsection (a). The Company Contribution under Section 4.02 shall be allocated on the same basis upon which it was determined.

Section 6.02. Allocation to Company Contributions Accounts.

Effective for Plan Years beginning after December 31, 1989, the entire amount allocated under Section 6.01(b) to a Member for a Plan Year shall be credited to his Company Contributions Account.

Section 6.03. Actual Contribution Percentage Test.

(a) As used in this Section 6.03, each of the following terms shall have the meaning for that term set forth below:

(i) Average Contribution Percentage means the average (expressed as a percentage) of the Contribution Percentages of the Members in a group, including those Members whose Contribution Percentage is zero.

(ii) Company Matching Contribution means the Company Contribution described in Section 4.02 of the Plan.

(iii) Contribution Percentage means the ratio (expressed as a percentage) of a Member's Company Matching Contributions (excluding Company Matching Contributions forfeited hereunder to correct Excess Aggregate Contributions or because the contributions to which they relate are Excess Deferrals, Excess Contributions or Excess Aggregate Contributions) to the Member's Testing Compensation for the Plan Year.

(b) Company Matching Contributions for each Plan Year must satisfy one of the following tests:

(i) For Plan Years beginning on or after January 1, 2001, the Average Contribution Percentage for Members who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for Members who are non-Highly Compensated Employees for the Plan Year multiplied by 1.25; or

(ii) For Plan Years beginning on or after January 1, 2001, the Average Contribution Percentage for Members who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for Members who are non-Highly Compensated Employees for the Plan Year multiplied by 2.0, provided that the Average Contribution Percentage for Members who are Highly Compensated Employees does not exceed the Average Contribution Percentage for Members who are non-Highly Compensated Employees by more than 2 percentage points.

In satisfying the Actual Contribution Percentage Test set forth above, Member Salary Deferrals may be treated as if they were Company Matching Contributions, provided that the requirements of Treasury Regulation Section 1.401(m)-2(a)(6)(ii) are satisfied. If used to satisfy the Actual Contribution Percentage Test, such Member Salary Deferrals shall not be used to help other Member Salary Deferrals satisfy the Actual Deferral Percentage Test (as described in Section 401(k)(2) of the Code), set forth in Section 5.05 hereof except as otherwise permitted by applicable law.

(c) For purposes of determining the Contribution Percentage of a Member for a Plan Year, the Member's Company Matching Contributions shall be taken into account only if such Company Matching Contributions (i) are based on the Member's Member Salary Deferrals for such Plan Year; (ii) are attributed to the Member's Account as of a date within such Plan Year; and (iii) are paid to the Trust by the end of the twelfth month following the close of such Plan Year. Any Company Matching Contribution that fails to satisfy the foregoing requirements shall be treated as a contribution which is not subject to Code Section 401(m).

(d) (i) For purposes of this Section 6.03, the Contribution Percentage for any Member who is a Highly Compensated Employee for the Plan Year and who is eligible to receive Company Matching Contributions or to make Employee after-tax contributions under one or more other plans described in Code Section 401(a) that are maintained by the Company or an Affiliate shall be determined as if all such contributions were made under a single plan.

(ii) If two or more plans are aggregated for purposes of Code Section 410(b) or 401(a)(4), such plans shall be aggregated for purposes of the Average Contribution Percentage test.

Section 6.04. Return of Excess Aggregate Contributions.

(a) Notwithstanding any other provision of the Plan, any amount determined by the Committee to be an "Excess Aggregate Contribution" as defined in Subsection (b), shall be distributed to Members who are Highly Compensated Employees by no later than the last day of the Plan Year following the Plan Year in which the Excess Aggregate Contribution occurred. For Plan Years prior to 1997, the Excess Aggregate Contributions (as defined in Section 6.04(b)) under the Plan shall be eliminated by reducing the Company Matching Contributions of each Highly Compensated Employee in order of Contribution Percentage beginning with the highest percentage. For Plan Years after 1996, the Excess Aggregate Contributions (as defined in Section 6.04(b)) under the Plan shall be eliminated by reducing the Company Matching Contributions of each Highly Compensated Employee in order of the dollar amount of Company Matching Contributions on behalf of such Highly Compensated Employee, beginning with the highest dollar amount.

(b) "Excess Aggregate Contribution" for purposes of this Section 6.04 means a Company Matching Contribution attributable to a Highly Compensated Employee which exceeds the maximum amount of such Company Matching Contributions permitted under Code Section 401(m)(3), and which is described in Code Section 401(m)(6)(B), plus the income allocable to such amount. The allocable income shall be calculated by multiplying the total income earned on all of the Member's Company Matching Contributions for the Plan Year in which the Excess Aggregate Contribution is being returned by a fraction, the numerator being the Member Company Matching Contributions in excess of the permitted amount and the denominator being the Member's account balance in his Company Contribution Account attributable to Company Matching Contributions on the Accounting Date of the prior Plan Year. The Excess Contribution otherwise distributable under this Section 6.04 shall be adjusted for investment losses and for prior distributions to the Members affected, as permitted by Treasury Regulations. Effective with respect to nondiscrimination testing for Plan Years beginning on and after January 1, 2006, income shall be allocated to Excess Aggregate Contributions during the period between the end of the Plan Year and the date of distribution of the Excess Aggregate Contributions in accordance with guidance published by the Internal Revenue Service. The Excess Aggregate Contributions attributable to all Highly Compensated Employees, in the aggregate, shall be determined as the sum of the Excess Aggregate Contributions (if any) determined for each Highly Compensated Employee, as follows: The amount (if any) by which the Company Matching Contribution of each Highly Compensated Employee must be reduced for the Member's Contribution Percentage to equal the highest permitted Contribution Percentage under the Plan shall be determined. To calculate the highest permitted Contribution Percentage under the Plan, the Contribution Percentage of the Highly Compensated Employee with the highest Contribution Percentage is reduced by the amount required to cause the Employee's Contribution Percentage to equal the Contribution Percentage of the Highly Compensated Employee with the next highest Contribution Percentage. If a lesser reduction would enable the Plan to satisfy the Actual Contribution Percentage Test, only this lesser reduction may be made. This process must be repeated until the Plan would satisfy the Actual Contribution Percentage Test. The sum of the foregoing reductions determined for each Highly Compensated Employee shall equal the dollar amount of the Excess Aggregate Contributions attributable to all Highly Compensated Employees, in the aggregate.

ARTICLE VII

ACCOUNTS, ALLOCATIONS AND LOANS

Section 7.01. Investment Funds.

Subject to the provisions of any applicable state and Federal securities laws and to the regulations and rulings of any regulatory agencies administering such laws, the Trustee shall, at the direction of the Committee, establish separate Investment Funds within and as a part of the Trust Fund for the purpose of investing the balances held in the Accounts and in the Unallocated Forfeitures Account.

Section 7.02. Separate Accounts.

The Committee shall maintain a separate Company Contributions Account, Member Contributions Account, Member Salary Deferral Account, Rollover Account and Loan Account for each Member as relevant. Any amount transferred from a Member's "Company Matching Contribution Account" under the ECMC Plan (as defined thereunder) shall be held in the Member's Rollover Account. The Committee shall maintain records of each Member's balance in each such Account and each Investment Fund in which the Account is invested in order to provide an accurate and current statement to the Member pursuant to Section 8.08. Effective January 1, 1995, each account of a participant or beneficiary under the ECMC Plan shall automatically be deemed an Account of the corresponding type under the Plan for the Member or Beneficiary for whom such account was maintained under the ECMC Plan.

Section 7.03. Investing of the Company Contributions.

All contributions allocated to a Member's Account shall be allocated among the Investment Funds in accordance with a Member's investment election(s). If no proper election is on file governing the contributions involved, such contributions shall be invested in the Investment Fund(s) specified for such purpose by the Investment Committee.

Section 7.04. Elections.

(a) The Committee shall prescribe such rules as it deems appropriate regarding the form, filing frequency and timeliness of elections under Section 7.03 as well as concerning the percentage or amounts of a contribution which may be invested in an Investment Fund. In these rules, the Committee may specify that each Account of a Member be invested in the Investment Funds selected by the Member in the same proportion, or the Committee may prescribe such other rule as it deems appropriate with respect to any Account. An election properly on file shall remain in force until changed.

Section 7.05. Inter-Account Transfers.

(a) A Member may elect, on a form provided by and timely filed with the Committee, to transfer all or a portion of the balance of any Account which is invested in an Investment Fund to one or more other Investment Funds. The Committee shall prescribe such rules as it deems appropriate regarding the frequency and timeliness of elections and the percentage of or amount from an Account which may be so transferred.

(b) A transfer made pursuant to an election pursuant to Subsection (a) shall be effected as soon as administratively practicable immediately following timely receipt by the Committee of the election.

Section 7.06. Unallocated Forfeiture Account.

The amount held from time to time in the Unallocated Forfeiture Account shall be allocated among the Investment Funds as specified by the Committee.

Section 7.07. Loans.

(a) Notwithstanding anything in this Plan to the contrary, the Committee, in its discretion, may authorize a loan to a Member who is a "party in interest" with respect to the Plan within the meaning of Section 3(14) of the Act under the circumstances listed in Subsection (b) below:

(b) (1) loans shall be made available on a reasonably equivalent basis; (2) loans shall not be made available to Highly Compensated Employees in a manner that is more favorable than the manner loans are made available to other Members; (3) loans shall bear a reasonable rate of interest; (4) loans shall be adequately secured; and (5) loans shall provide for repayment over a reasonable period of time.

(c) Loans made pursuant to this Section (when added to the outstanding balance of all other loans made by the Plan to the Member) shall be limited to the lesser of:

(1) \$50,000 reduced by the excess (if any) of the highest outstanding balance of loans from the Plan to the Member during the one-year period ending on the day before the date on which such loan is made, over the outstanding balance of loans from the Plan to the Member on the date on which such loan was made, or

(2) one-half (1/2) of the present value of the non-forfeitable accrued benefit of the Member under the Plan.

For purposes of this limit, all plans of the Employer shall be considered one plan.

(d) Loans shall provide for level amortization with payment to be made not less frequently than quarterly over a period not to exceed five (5) years, unless the loan is for the purpose of acquiring a dwelling unit used within a reasonable time as the principal residence of the Member. All loans shall be due and payable upon termination of employment.

(e) All loans shall be made pursuant to a Member loan program. Such loan program shall be established in writing by the Committee and must include, but need not be limited to, the following:

- (1) the identity of the person(s) or position(s) authorized to administer the Member loan program;
- (2) a procedure for applying for loans;
- (3) the basis on which loans will be approved or denied;
- (4) limitations, if any, on the types and amounts of loans offered;
- (5) the procedure under the program for determining a reasonable rate of interest;
- (6) the types of collateral which may secure a Member loan; and
- (7) the events constituting default and the steps that will be taken to preserve Plan assets.

Such Member loan program shall be contained in a separate written document which, when properly executed, is hereby incorporated by reference and made a part of the Plan. Furthermore, such Member loan program may be modified or amended by the Committee in writing from time to time without the necessity of amending this Section.

(f) Notwithstanding any other provision to the contrary, a Borrower who has a loan (or loans) outstanding under the SCB Savings or Cash Option Plan for Employees on December 31, 2003 which is transferred to the Plan as a result of the merger of SCB Savings or Cash Option Plan for Employees into the Plan shall be entitled to keep such loan (or loans) outstanding under the Plan until the loan (or loans) is repaid pursuant to the terms of such outstanding loan (or loans).

ARTICLE VIII

VALUATION

Section 8.01. Valuation of Trust Fund.

All changes in the value of each Investment Fund as determined by the Trustee in accordance with the Trust Agreement (including income and expenses and realized and unrealized appreciation and depreciation of assets of the Investment Fund, determined in the case of mutual funds by reference to the net asset value of such mutual funds on the Accounting Date, but excluding Company Contributions, Member Salary Deferrals and contributions or transfers pursuant to Section 5.03 made or allocated subsequent to the last preceding Accounting Date), shall be allocated by the Committee among the Company Contributions Accounts, Member Contributions Accounts, Member Salary Deferral Accounts, Rollover Accounts and the Uncashed Check Account, portions of which are held in the Investment Fund as of each Accounting Date pro rata to the value of all such Accounts, respectively, at the last preceding Accounting Date, but first reducing the balance of each such Account as of the last preceding Accounting Date by any distributions from the Account since that Accounting Date.

Section 8.02. Valuation of Company Contributions Accounts.

The value of a Member's Company Contributions Account as of any Accounting Date shall be the aggregate of the portions of such Account invested in each Investment Fund as of that date. The value of that portion of such Account invested in an Investment Fund shall be the sum of:

- (a) the value of such portion as of the last preceding Accounting Date, plus or minus
- (b) all changes in the value of the Investment Fund since the last preceding Accounting Date allocable thereto pursuant to Section 8.01, plus
- (c) the amount of transfer, if any, into such portion and the amount of the Company Contribution, if any, allocable thereto since the last preceding Accounting Date pursuant to Article VI, minus
- (d) any distributions from, and transfers out of, such portion since the last preceding Accounting Date.

Section 8.03. Valuation of Member Contributions Account.

The value of a Member's Member Contributions Account as of any Accounting Date shall be the aggregate of the portions of such Account invested in each Investment Fund as of that date. The value of that portion of such Account invested in an Investment Fund shall be the sum of:

- (a) the value of such portion as of the last preceding Accounting Date, plus or minus
- (b) all changes in the value of the Investment Fund since the last preceding Accounting Date allocable thereto pursuant to Section 8.01, plus



(c) the amount, if any, transferred into such portion pursuant to Section 5.04 in an amount equal to voluntary contributions by the Member to the transferor qualified plan or pursuant to Section 7.05, minus

(d) any distributions from, and transfers out of, such portion since the last preceding Accounting Date.

Section 8.04. Valuation of Member Salary Deferral Accounts.

The value of a Member's Member Salary Deferral Account as of any Accounting Date shall be the aggregate of the portions of such Account invested in each Investment Fund as of that date. The value of that portion of such Account invested in an Investment Fund shall be the sum of:

(a) the value of such portion as of the last preceding Accounting Date, plus or minus

(b) all changes in the value of the Investment Fund since the last preceding Accounting Date allocable thereto pursuant to Section 8.01, plus

(c) the amount, if any, transferred into such portion pursuant to Section 7.05 and the amount of Member Salary Deferrals, if any, allocable thereto since the last preceding Accounting Date, minus

(d) any distributions from, and transfers out of, such portion since the last preceding Accounting Date.

Section 8.05. Valuation of Rollover Accounts.

The value of a Member's Rollover Account as of any Accounting Date shall be the aggregate of the portions of such Account invested in each Investment Fund as of that date. The value of that portion of such Account invested in an Investment Fund shall be the sum of:

(a) the value of such portion as of the last preceding Accounting Date, plus or minus

(b) all changes in the value of the Investment Fund since the last preceding Accounting Date allocable thereto pursuant to Section 8.01, plus

(c) the amount of transfer, if any, into such portion since the last preceding Accounting Date pursuant to Section 5.03(a), minus

(d) any distributions from, and transfers out of, such portion since the preceding Accounting Date.

Section 8.06. Valuation of Uncashed Check Account.

The value of the Uncashed Check Account as of any Accounting Date shall be the aggregate of the portions of such Account invested in each Investment Fund as of that date. The value of that portion of such Account invested in an Investment Fund shall be the sum of:

- (a) the value of such portion as of the last preceding Accounting Date, plus or minus
- (b) all changes in the value of the Investment Fund since the last preceding Accounting Date allocable thereto pursuant to Section 8.01, plus
- (c) the amount, if any, transferred into such portion pursuant to Section 9.06(d) since the last preceding Accounting Date, minus
- (d) any distributions from, and transfers out of, such portion since the last preceding Accounting Date.

Section 8.07. Valuation of Loan Accounts.

The value of a Member's Loan Account as of any Accounting Date shall be the amount of the outstanding principal and accrued interest on the loan held therein plus the amount of any cash held therein as of an Accounting Date.

Section 8.08. Statement to Members.

Within two hundred ten (210) days after the last Accounting Date of each Plan Year, the Committee shall mail or deliver to each Member a statement of the value of his Accounts and his Loan Account, if any, as of such Accounting Date.

Section 8.09. Unallocated Forfeitures Account

The value of the Unallocated Forfeitures Account shall be determined as provided in Section 8.02 applied as if the addition to the Unallocated Forfeitures Account was a Company Contributions Account.

ARTICLE IX

DETERMINATION OF BENEFITS

Section 9.01. Retirement.

Upon a Member's Retirement on or after his Normal Retirement Date, he shall become entitled, at the time specified in Article X, to a distribution of his Accounts and his Loan Account, if any, valued as of the Accounting Date specified in Section 10.01.

Section 9.02. Disability.

Upon a Member's Retirement on account of his Permanent Disability, the Member shall become entitled, at the time specified in Article X, to a distribution of his Accounts and his Loan Account, if any, valued as of the Accounting Date applicable under Section 10.02.

Section 9.03. Death.

Upon a Member's death, his Eligible Spouse or, if there is no Eligible Spouse or the Eligible Spouse consents in the manner required under Section 2.04(a) to the designation of a Beneficiary, that Beneficiary shall become entitled, at the time specified in Article X, to a distribution of the then balance of such Member's Accounts and his Loan Account, if any, valued as of the Accounting Date applicable under Section 10.03; provided, however, that if a valuation date was already fixed for payment pursuant to Article X due to the Member's Retirement or Permanent Disability, that date shall be used.

Section 9.04. Vesting.

(a) Any Member who is employed by an Employer or an Affiliate on or after September 1, 2007 shall be fully vested in his Company Contributions Account.

(b) Any Member who is not employed by an Employer or an Affiliate on or after September 1, 2007 and who had Company Contributions credited to his Account as of December 31, 1988 shall at all times be fully (100%) vested in the balance in his Accounts. Effective for Plan Years beginning after December 31, 1988, any individual who became a Member after that date and who is not employed by an Employer or an Affiliate on or after September 1, 2007 shall be fully (100%) vested in the balance in his Accounts if, prior to his Separation from Service, he completed three (3) Years of Service calculated from the Member's Employment Commencement Date or reached his Normal Retirement Date prior to his Separation from Service. A Member shall be at all times fully (100%) vested in the balance in his Member Contributions Account, if any, his Member Salary Deferral Account, if any, his Rollover Account, if any, and his Loan Account, if any.

(c) Notwithstanding any other provision to the contrary, each Member who was a participant in the SCB Savings or Cash Option Plan for Employees prior to December 31, 2003 shall be fully vested in his Account.

Section 9.05. Other Separation From Service.

In the event of a Member's Separation from Service other than by reason of death, Retirement or Permanent Disability, he shall be entitled to a distribution of the entire balance in his Member Contributions Account, if any, his Member Salary Deferral Account, if any, his Loan Account, if any, his Rollover Account, if any, and the vested balance in his Company Contributions Account, if any, determined as of the Accounting Date applicable under Section 10.04. Such distributions shall be made in the manner and at the time provided in Article X. The unvested portion of the Member's Company Contributions Account shall be forfeited upon the Accounting Date coincident with or immediately following the Member's Separation from Service.

Section 9.06. Forfeitures.

(a) A Member who separates from service prior to the full vesting of his entire Company Contributions Account, shall forfeit the unvested balance in that Account upon the Accounting Date coincident with or immediately following the Member's Separation from Service. If the Member subsequently recommences employment prior to incurring five (5) consecutive Breaks in Service, he shall be credited with the forfeited amounts upon commencement of employment, provided that he repays any distribution made to him hereunder.

(b) Any amount held in an Unallocated Forfeiture Account may be applied to reduce the Company Contribution to be made to the Trust or to pay administrative expenses of the Plan, at the election of the Committee in its sole discretion. Any Company Contributions made to the Plan in error and any other excess amounts received by the Plan in error may be held in a subaccount under the Unallocated Forfeiture Account until applied in accordance with the foregoing.

(c) Effective January 1, 1995, amounts credited to the "unallocated forfeitures account" (as defined under the ECMC Plan) under the ECMC Plan shall be transferred to the Unallocated Forfeitures Account.

(d) Effective on and after September 1, 2007, in the event that any portion of a distribution payable to a Member hereunder shall be unclaimed for a period designated by the Committee, such amount shall be allocated to the Uncashed Check Account, and if the amount remains unclaimed from such account at the expiration of a period determined by the Committee, the amount so distributable shall be held in an Unallocated Forfeiture Account until applied in accordance with the foregoing. In the event the Member is located subsequent to his benefit being forfeited, such benefit shall be restored. The Committee will establish and adopt related rules, regulations and/or administrative guidelines designed to facilitate the administration of unclaimed checks, including the institution of any procedures intended to ascertain the whereabouts of a missing Member, and may cease to implement the procedure set forth in this paragraph and any other related rules, regulations and/or administrative guidelines in its discretion at any time.

TIME AND MANNER OF PAYMENT OF BENEFITS

Section 10.01. Retirement Benefits.

Retirement benefits, determined pursuant to Section 9.01, shall be paid in a single cash sum, valued as of the Accounting Date immediately preceding the payment.

A Member who wishes to commence the distribution of his Retirement benefits shall notify the Committee of such intent no sooner than thirty (30) days following the Member's Separation from Service. Such distribution shall be made to the Member on or as soon as administratively feasible following the benefit starting date selected by the Member as provided below. The Member may only select a benefit starting date which may not be more than ninety (90) days after such election and, except as provided below, may not be less than thirty (30) days after such election. Except as provided in the next sentence, the Committee shall provide the Member with a notice as to his or her rights and benefits under the Plan not more than ninety (90) days or less than thirty (30) days prior to the Member's Accounting Date. Notwithstanding the foregoing, a Member may elect a benefit starting date earlier than thirty (30) days after receiving such notice from the Company, provided that:

- (1) the Committee clearly informs the Member that the Member has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution; and
- (2) the Member, after receiving the notice, affirmatively elects a distribution.

Section 10.02. Disability Benefits.

Disability benefits, determined pursuant to Section 9.02 shall be paid or commence to be paid at the time and in the manner provided in Section 10.01 (substituting Permanent Disability for Retirement).

Section 10.03. Death Benefits.

Death benefits, determined pursuant to Section 9.03, shall be paid to the Member's Beneficiary in a single cash sum as soon as reasonably practicable after the Member's death. A Member's Beneficiary who wishes to commence the distribution of such benefits shall notify the Committee of such intent no sooner than thirty (30) days following the Member's death.

Section 10.04. Termination Benefits.

The benefits payable to a Member upon his Separation from Service, determined pursuant to Section 9.05, shall, subject to Section 10.09, be paid or commence to be paid at the time and in the manner provided in Section 10.01 (substituting Separation from Service for Retirement).

Section 10.05. Direct Rollover Distributions.

(a) Upon receiving directions from a Member who is eligible to receive a distribution from the Plan pursuant to the provisions of this Article X which constitutes an “eligible rollover distribution,” as defined in Code Section 402(c)(4), to transfer all or any part of such distribution to an “eligible retirement plan,” as defined in Code Section 402(c)(8)(B), the Committee shall cause the portion of the distribution which the Member has elected to so transfer to be transferred directly to such “eligible retirement plan”; provided, however, that the Member shall be required to notify the Committee of the identity of the eligible retirement plan at the time and in the manner that the Committee shall prescribe and the Committee may require the Member or the eligible retirement plan to provide a statement that the eligible retirement plan is intended to be qualified under Code Section 401(a) (if the plan is intended to be so qualified) or otherwise meets the requirements necessary to be an “eligible retirement plan.”

(b) Upon receiving instructions from a Beneficiary who is the Member’s Eligible Spouse or an alternate payee under a “qualified domestic relations order” as defined in Code Section 414(p), in either case who is eligible to receive a distribution pursuant to the provisions of Article VII that constitutes an “eligible rollover distribution” as defined in Code Section 402(c)(4), to transfer all or any part of such distribution to a plan that constitutes an “eligible retirement plan” under Code Section 402(a)(5) with respect to that distribution, the Committee shall cause the portion of the distribution which such Eligible Spouse or alternate payee has elected to so transfer to the eligible retirement plan so designated.

(c) The Committee may accomplish the direct transfer described in subsection (a) or (b), as applicable, by delivering a check to the Member, Eligible Spouse or alternate payee (in each case, a “Distributee”) which is payable to the trustee, custodian or other appropriate fiduciary of the “eligible retirement plan,” or by such other means as the Committee may in its discretion determine. The Committee may establish such rules and procedures regarding minimum amounts which may be the subject of direct transfers and other matters pertaining to direct transfers as it deems necessary from time to time.

Section 10.06. Latest Commencement of Benefits.

Notwithstanding other provision of the Plan to the contrary, a Member shall be eligible to receive payment, or to commence payment, under the Plan of his benefits no later than sixty (60) days after the end of the Plan Year in which the latest of the following occurs:

- (a) the Member’s attainment of age his Normal Retirement Date;
- (b) The tenth (10th) anniversary of the year in which the Member began participation in the Plan; or
- (c) The Member’s Separation from Service.

Section 10.07. Indirect Payment of Benefits.

If any Member or Beneficiary is, in the judgment of the Committee, legally, physically or mentally incapable of personally receiving and receipting for any payment due hereunder, payment may be made to the guardian or other legal representative of such Member or Beneficiary or, if none, to any other person or institution, which, in the opinion of the Committee, is then maintaining or has custody of such Member or Beneficiary. Such payment shall constitute a full discharge with respect to the obligations hereunder.

Section 10.08. Limitations on Distributions.

Notwithstanding anything to the contrary contained in this Plan:

(a) The entire interest of each Member must either:

(1) be paid to him not later than the Required Beginning Date; or

(2) commence to be paid to him by not later than the Required Beginning Date and paid, in accordance with regulations prescribed by the Secretary of the Treasury, over a period not extending beyond the life expectancy of the Member or the joint and last survivor life expectancy of the Member and his Designated Beneficiary; provided, however, that if the distribution of a Member's Account balances has commenced in accordance with this Paragraph (2), any portion remaining to be distributed at the Member's death shall continue to be distributed at least as rapidly as under the method of distribution in effect as of such Member's death.

(b) If a Member dies prior to the commencement of distributions to him in accordance with Paragraph (a)(2), the entire interest of the Member shall be distributed:

(1) not later than December 31 of the calendar year which contains the fifth anniversary of the Member's death; or

(2) where distribution is to be made to the Member's Designated Beneficiary, commencing

(A) on or before December 31 of the calendar year immediately following the calendar year in which the Member died; or

(B) if the Designated Beneficiary is the Member's surviving Spouse, no later than the later of the date described in Paragraph (A), above or December 31 of the calendar year in which such Member would have attained age seventy and one-half (70-1/2), and payable, in accordance with regulations prescribed by the Secretary of the Treasury, over a period not extending beyond the life expectancy of such Designated Beneficiary.

(c) For purposes of Paragraphs (a)(2) and (b)(2), prior to the Required Beginning Date, the Member (or his spouse, if the spouse is the Member's Beneficiary) may make an irrevocable election to have the Member's (and/or his spouse's) life expectancy recalculated not more frequently than annually. If no such election is made prior to the Member's Required Beginning Date, the Member's (and/or his spouse's) life expectancy shall automatically be recalculated annually.

(d) Under regulations prescribed by the Secretary of the Treasury, any amount paid to a Member's child shall be treated as if it had been paid to such Member's surviving spouse if such amount will become payable to such spouse upon the child reaching maturity or such other designated event which may be permitted under such regulations.

(e) For purposes of this Section 10.08, the term "Designated Beneficiary" shall mean a Member's surviving spouse or an individual designated by the Member pursuant to Section 2.04.

(f) Notwithstanding any provision of this Plan to the contrary, the provisions of this Section 10.08 shall be construed in a manner that complies with Code Section 401(a)(9) and, with respect to distributions made on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with the Treasury Regulations thereunder that were proposed in January 2001, the provisions of which are hereby incorporated by reference. This Subsection (f) shall continue in effect until the end of the last calendar year beginning before the effective date of the final regulations under Code Section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service.

(g) Effective as of January 1, 2003, notwithstanding anything to the contrary contained in this Plan, distributions shall be made in a manner that complies with Code Section 401(a)(9) and Appendix A attached hereto.

(h) Each Member who (i) attained age 70-½ before January 1, 1999, (ii) commenced distributions pursuant to Code Section 401(a)(9) and (iii) is an Employee of the Employer on January 1, 2004, may make an irrevocable affirmative election, subject to the terms of any applicable "qualified domestic relations order" as defined in Section 414(p) of the Code, to cease receiving such distributions at any time prior to the Member's Separation from Service.

Section 10.09. Consent to Distributions.

No amount shall be distributed to a Member pursuant to Section 10.01, 10.02 or 10.04 without his written consent, unless the amount to be distributed to the Member is not in excess of \$1,000 (\$5,000 prior to March 28, 2005). In the event a Member's consent to a distribution is required pursuant to this Section 10.09, such distribution shall be made or commence to be made as soon as reasonably practicable after the Accounting Date coincident with or next following the date on which such consent is received by the Committee.

Section 10.10. Pre-Retirement Distribution.

(a) On or after a Member's attainment at age 59-½, the Committee, at the election of the Member, shall direct the Trustees to make an in-service distribution of any portion of the vested balance of the Member's Account.



(b) Effective on and after September 1, 2007, each Member may elect to withdraw all or a portion of his Member Contributions Account and the actual earnings thereon at any time. Prior to such date, only a Member who was a participant in the SCB Savings or Cash Option Plan for Employees could elect to withdraw his Member Contributions Account and the actual earnings thereon.

(c) In the event that the Committee makes a distribution pursuant to this Section 10.10 the Member shall continue to be eligible to participate in the Plan on the same basis as any other Employee. Any distribution made pursuant to this Section 10.10 shall be made in a manner consistent with other applicable provisions of this Article X, including, but not limited to, all notice and consent requirements of Code Section 411(a)(11) and the Regulations thereunder.

Section 10.11. Partial Withdrawals.

Effective on and after September 1, 2007, a Member who has a Separation from Service but who has not otherwise been paid the balance of his Account pursuant to this Article X may at any time request a partial distribution of his Account in a minimum amount equal to \$1,000 (or the Account balance, if less than \$1,000).

ARTICLE XI

ADMINISTRATION OF THE PLAN

Section 11.01. Administrative Committee.

There is hereby created an Administrative Committee for the Plan. The general administration of the Plan on behalf of the Plan Administrator shall be placed in the Administrative Committee.

Section 11.02. Investment Committee.

There is hereby created an Investment Committee for the Plan.

Section 11.03. Payment of Benefits (Administrative Committee).

The Administrative Committee shall advise the Trustee in writing with respect to all benefits which become payable under the terms of the Plan and shall direct the Trustee to pay such benefits on order of the Administrative Committee. In the event that the Trust Fund shall be invested in whole or in part in one or more insurance contracts, the Administrative Committee shall be authorized to give to any insurance company issuing such a contract such instructions as may be necessary or appropriate in order to provide for the payment of benefits in accordance with the Plan.

Section 11.04. Powers and Authority; Action Conclusive (Administrative Committee).

Except as otherwise expressly provided in the Plan or in the Trust Agreement, or by the Investment Committee, the Administrative Committee shall have the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply and interpret the Plan, Trust Agreement and any other Plan documents and to decide all matters arising in connection with the operation or administration of the Plan and the Trust. Subject to the immediately preceding sentence, the Administrative Committee shall have all powers necessary or helpful for the carrying out of its responsibilities, and the decisions or action of the Administrative Committee in good faith in respect of any matter hereunder shall be conclusive and binding upon all parties concerned.

Without limiting the generality of the foregoing, the Administrative Committee has the complete authority, in its sole and absolute discretion, to:

- (1) Determine all questions arising out of or in connection with the interpretation of the terms and provisions of the Plan except as otherwise expressly provided herein;
- (2) Make rules and regulations for the administration of the Plan which are not inconsistent with the terms and provisions of the Plan, and fix the annual accounting period of the trust established under the Trust Agreement as required for tax purposes;
- (3) Construe all terms, provisions, conditions of and limitations to the Plan;

(4) Determine all questions relating to (A) the eligibility of persons to receive benefits hereunder, (B) the periods of service, including Hours of Service, Credited Service and Years of Service, and the amount of Compensation of a Participant during any period hereunder, and (C) all other matters upon which the benefits or other rights of a Participant or other person shall be based hereunder; and

(5) Determine all questions relating to the administration of the Plan (A) when disputes arise between the Employer and a Participant or his Beneficiary, Spouse or legal representatives, and (B) whenever the Administrative Committee deems it advisable to determine such questions in order to promote the uniform administration of the Plan.

The Administrative Committee may recoup on behalf of the Plan any payment made in error by the Plan to any person, and any such amount will be returned to the Plan.

All determinations made by the Administrative Committee with respect to any matter arising under the Plan Trust Agreement and any other Plan documents shall be final and binding on all parties. The foregoing list of powers is not intended to be either complete or exclusive and the Administrative Committee shall, in addition, have such powers as the Plan Administrator deems appropriate and delegates to it and such powers as may be necessary for the performance of its duties under the Plan and the Trust Agreement.

Section 11.05. Reliance on Information (Administrative Committee).

The members of the Administrative Committee and any Employer or affiliate thereof (including the Company) and its officers, directors and employees shall be entitled to rely upon all tables, valuations, certificates, opinions and reports furnished by any accountant, trustee, insurance company, counsel or other expert who shall be engaged by the Company or an affiliate thereof or the Committee, and the members of the Committee and any Employer or affiliate thereof (including the Company) and its officers, directors and employees shall be fully protected in respect of any action taken or suffered by them in good faith in reliance thereon, and all action so taken or suffered shall be conclusive upon all persons affected thereby.

Section 11.06. Actions to be Uniform; Regular Personnel Policies to be Followed.

Any discretionary actions to be taken under this Plan by the Administrative Committee or Investment Committee with respect to the classification of the Employees, contributions, or benefits shall be uniform in their nature and applicable to all Employees similarly situated. With respect to service with the Employer, leaves of absence and other similar matters, the Committee shall administer the Plan in accordance with the Employer's regular personnel policies at the time in effect.

Section 11.07. Fiduciaries.

Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan. The Company is the Named Fiduciary under the Plan. The Named Fiduciary and any fiduciary designated by the Named Fiduciary to whom such power is granted by the Named Fiduciary under the Plan, may employ one or more persons to render advice with regard to any responsibility such fiduciary has under the Plan.

Section 11.08. Plan Administrator.

The Company shall be the administrator of the Plan, as defined in Section 3(16)(A) of the Act, and shall be responsible for the preparation and filing of any required returns, reports, statements or other filings with appropriate governmental agencies. The Company or its authorized designee shall also be responsible for the preparation and delivery of information to persons entitled to such information under any applicable law.

Section 11.09. Notices and Elections (Administrative Committee).

A Participant shall deliver to the Administrative Committee all directions, orders, designations, notices or other communications on appropriate forms to be furnished by the Administrative Committee. The Administrative Committee shall also receive notices or other communications directed to Participants from the Trustee and transmit them to the Participants. All elections which may be made by a Participant under this Plan shall be made in a time, manner and form determined by the Administrative Committee unless a specific time, manner or form is set forth in the Plan.

Section 11.10. Misrepresentation of Age.

In making a determination or calculation based upon a Participant's age, the Administrative Committee shall be entitled to rely upon any information furnished by the Participant. If a Participant misrepresents the Participant's age, and the misrepresentation is relied upon by a Member Company, an affiliate thereof (including the Company) or the Administrative Committee, the Administrative Committee will adjust the Participant's benefit to conform to the Participant's actual age and offset future monthly payments to recoup any overpayments caused by the Participant's misrepresentation.

Section 11.11. Decisions of Administrative Committee are Binding.

The decisions of the Administrative Committee with respect to any matter it is empowered to act on shall be made in the Administrative Committee's sole discretion and shall be final, conclusive and binding on all persons, based on the Plan documents. In carrying out its functions under the Plan, the Administrative Committee shall endeavor to act by general rules so as to administer the Plan in a uniform and nondiscriminatory manner as to all persons similarly situated.

Section 11.12. Spouse's Consent.

In addition to when such consent is expressly required by the terms of this Plan, the Committee may in its sole discretion also require the written consent of the Employee's Spouse to any other election or revocation of election made under this Plan before such election or revocation shall be effective.

Section 11.13. Accounts and Records.

The Administrative Committee and Investment Committee shall maintain such accounts and records regarding the fiscal and other transactions of the Plan and such other data as may be required to carry out its functions under the Plan and to comply with all applicable laws. The Administrative Committee shall report annually to the Board on the performance of its responsibilities and on the performance of any trustee or other persons to whom any of its powers and responsibilities may have been delegated and on the administrative operation of the Plan for the preceding year. The Investment Committee shall report annually to the Board on the performance of its responsibilities and on the performance of any trustee, investment manager, insurance carrier or persons to whom any of its powers and responsibilities may have been delegated and on the financial condition of the Plan for the preceding year.

Section 11.14. Forms.

To the extent that the form or method prescribed by the Administrative Committee to be used in the operation and administration of the Plan does not conflict with the terms and provisions of the Plan, such form shall be evidence of (a) the Administrative Committee's interpretation, construction and administration of this Plan and (b) decisions or rules made by the Administrative Committee pursuant to the authority granted to the Committee under the Plan.

Section 11.15. Liability and Indemnification.

The functions of the Trustees, Administrative Committee, the Investment Committee, the Board, and the Employer under the Plan are fiduciary in nature and each shall be carried out solely in the interest of the Participants and other persons entitled to benefits under the Plan for the exclusive purpose of providing the benefits under the Plan (and for the defraying of reasonable expenses of administering the Plan). The Administrative Committee, the Investment Committee, the Board, and the Employer shall carry out their respective functions in accordance with the terms of the Plan with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. No member of the Administrative Committee or Investment Committee and no officer, director, or employee of the Employer shall be liable for any action or inaction with respect to his functions under the Plan unless such action or inaction is adjudicated to be a breach of the fiduciary standard of conduct set forth above.

The Company shall indemnify and hold harmless any person who, by virtue of membership on the Board, Administrative Committee, Investment Committee or any other committee or by virtue of such person's status as a director, officer or employee of the Employer, is deemed or held to be a fiduciary of the Plan within the meaning of the Act, to the extent not covered by the Company's insurance, against any and all claims, loss, damages, expenses, including legal fees and other expenses of litigation and liability arising from any action or failure to act, provided that such act or failure to act is not judicially determined to be due to the gross negligence or willful misconduct of such person, except that the Company may, in its sole discretion, elect not to enforce this provision in a case of gross negligence or willful misconduct. Further, no member of the Administrative Committee or Investment Committee shall be personally liable merely by virtue of any instrument executed by him or on his behalf as a member of the Administrative Committee or Investment Committee. The Company may secure and maintain in full force and effect such insurance as may be reasonably available on behalf of the persons described in this section, to cover liability or losses from which the Company is obligated to indemnify such persons. The amount and conditions of such insurance shall be determined by the Company in its sole discretion.

Section 11.16. Claim and Appeal Procedure.

(a) Initial Claim.

(1) Any claim by an Employee, Member or Beneficiary (“Claimant”) with respect to eligibility, participation, contributions, benefits or other aspects of the operation of the Plan shall be made in writing to the Committee (or its designee) for such purpose. The Committee (or its designee) shall provide the Claimant with the necessary forms and make all determinations as to the right of any person to a disputed benefit. If a Claimant is denied benefits under the Plan, the Committee (or its designee) shall notify the Claimant in writing of the denial of the claim within ninety (90) days (or within forty-five (45) days if the claim involves a determination of a claim for disability benefits) after the Committee receives the claim, provided that in the event of special circumstances such period may be extended.

(2) In the event of special circumstances, the maximum period in which a claim must be determined may be extended as follows:

(A) With respect to any claim, other than a claim that involves a determination of a claim for disability benefits, the ninety (90) day period may be extended for a period of up to ninety (90) days (for a total of one hundred eighty (180) days). If the initial ninety (90) day period is extended, the Committee or its designee shall notify the Claimant in writing within ninety (90) days of receipt of the claim. The written notice of extension shall indicate the special circumstances requiring the extension of time and provide the date by which the Committee expects to make a determination with respect to the claim. If the extension is required due to the Claimant’s failure to submit information necessary to decide the claim, the period for making the determination shall be tolled from the date on which the extension notice is sent to the Claimant until the earlier of (i) the date on which the Claimant responds to the Committee’s request for information, or (ii) expiration of the forty-five (45) day period commencing on the date that the Claimant is notified that the requested additional information must be provided.

(B) With respect to a claim that involves a determination of a claim for disability benefits, the forty-five (45) day period may be extended as follows:

(I) Initially, the forty-five (45) day period may be extended for a period to up to an additional thirty (30) days (the “Initial Disability Extension Period”), provided that the Committee determines that such an extension is necessary due to matters beyond the control of the Plan and, within forty-five (45) days of receipt of the claim, the Committee or its designee notifies the Claimant in writing of such extension, the special circumstances requiring the extension of time, the date by which the Committee expects to make a determination with respect to the claim and such information as required under clause (III) below.

(II) Following the Initial Disability Extension Period the period for determining the Claimant's claim may be extended for a period of up to an additional thirty (30) days, provided that the Committee determines that such an extension is necessary due to matters beyond the control of the Plan and within the Initial Disability Extension Period, notifies the Claimant in writing of such additional extension, the special circumstances requiring the extension of time, the date by which the Committee expects to make a determination with respect to the claim and such information as required under clause (III) below.

(III) Any notice of extension pursuant to this Paragraph (B) shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the Claimant shall be afforded forty-five (45) days within which to provide the specified information.

(IV) If an extension is required due to the Claimant's failure to submit information necessary to decide the claim, the period for making the determination shall be tolled from the date on which the extension notice is sent to the Claimant until the earlier of (i) the date on which the Claimant responds to the Committee's request for information, or (ii) expiration of the forty-five (45) day period commencing on the date that the Claimant is notified that the requested additional information must be provided.

(3) If notice of the denial of a claim is not furnished within the required time period described herein, the claim shall be deemed denied as of the last day of such period.

(4) If a claim is wholly or partially denied, the notice to the Claimant shall set forth:

(A) The specific reason or reasons for the denial;

(B) Specific reference to pertinent Plan provisions upon which the denial is based;

(C) A description of any additional material or information necessary for the Claimant to complete the claim request and an explanation of why such material or information is necessary;

(D) Appropriate information as to the steps to be taken and the applicable time limits if the Claimant wishes to submit the adverse determination for review; and

(E) A statement of the Claimant's right to bring a civil action under Section 502(a) of the Act following an adverse determination on review.

(b) Claim Denial Review.

(1) If a claim has been wholly or partially denied, the Claimant may submit the claim for review by the Committee. Any request for review of a claim must be made in writing to the Committee no later than sixty (60) days (or within one hundred and eighty (180) days if the claim involves a determination of a claim for disability benefits) after the Claimant receives notification of denial or, if no notification was provided, the date the claim is deemed denied. The Claimant or his duly authorized representative may:

(A) Upon request and free of charge, be provided with reasonable access to, and copies of, relevant documents, records, and other information relevant to the Claimant's claim; and

(B) Submit written comments, documents, records, and other information relating to the claim. The review of the claim determination shall take into account all comments, documents, records, and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial claim determination.

(2) The decision of the Committee upon review shall be made within sixty (60) days (or within forty-five (45) days if the claim involves a determination of a claim for disability benefits) after receipt of the Claimant's request for review, unless special circumstances (including, without limitation, the need to hold a hearing) require an extension. In the event of special circumstances, the maximum period in which a claim must be determined may be extended as follows:

(A) With respect to any claim, other than a claim that involves a determination of a claim for disability benefits, the sixty (60) day period may be extended for a period of up to one hundred twenty (120) days.

(B) With respect to a claim that involves a determination of a claim for disability benefits, the forty-five (45) day period may be extended for a period of up to forty-five (45) days.

(3) If the sixty (60) day period (or forty-five (45) day period where the claim involves a determination of a claim for disability benefits) is extended, the Committee or its designee shall, within sixty (60) days (or within forty-five (45) days if the claim involves a determination of a claim for disability benefits) of receipt of the claim for review, notify the Claimant in writing. The written notice of extension shall indicate the special circumstances requiring the extension of time and provide the date by which the Committee expects to make a determination with respect to the claim upon review. If the extension is required due to the Claimant's failure to submit information necessary to decide the claim, the period for making the determination shall be tolled from the date on which the extension notice is sent to the Claimant until the earlier of (i) the date on which the Claimant responds to the Committee's request for information, or (ii) expiration of the forty-five (45) day period commencing on the date that the Claimant is notified that the requested additional information must be provided.



(4) If notice of the decision upon review is not furnished within the required time period described herein, the claim on review shall be deemed denied as of the last day of such period. The Committee, in its sole discretion, may hold a hearing regarding the claim and request that the Claimant attend. If a hearing is held, the Claimant shall be entitled to be represented by counsel.

(5) The Committee's decision upon review on the Claimant's claim shall be communicated to the Claimant in writing. If the claim upon review is denied, the notice to the Claimant shall set forth:

(A) The specific reason or reasons for the decision, with references to the specific Plan provisions on which the determination is based;

(B) A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim; and

(C) A statement of the Claimant's right to bring a civil action under Section 502(a) of the Act.

(6) Any review of a claim involving a determination of a claim for disability benefits shall not afford deference to the initial adverse benefit determination and shall not be determined by any individual who made the initial adverse benefit determination or a subordinate of such individual. In deciding a review of any adverse benefit determination that is based in whole or in part on a medical judgment, including determinations with regard to whether a particular treatment, drug, or other item is experimental, investigational, or not medically necessary or appropriate, the Committee shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment.

(c) All interpretations, determinations and decisions of the Committee with respect to any claim, including without limitation the appeal of any claim, shall be made by the Committee, in its sole discretion, based on the Plan and comments, documents, records, and other information presented to it, and shall be final, conclusive and binding.

(d) The claims procedures set forth in this section are intended to comply with United States Department of Labor Regulation § 2560.503-1 and should be construed in accordance with such regulation. In no event shall it be interpreted as expanding the rights of Claimants beyond what is required by United States Department of Labor Regulation § 2560.503-1

Section 11.17. Elections by Former Employees of Equitable Capital Management Corporation.

Any designation or election by a Member or the beneficiary of a Member who had an account balance under the ECMC Plan on December 31, 1994, including, without limitation, a designation of one or more beneficiaries, investment elections or an election to receive a distribution that was in effect under the ECMC Plan as of that date for the corresponding purpose under this Plan shall continue to be effective under this Plan, as if made in respect of this Plan, until otherwise changed in accordance with the terms of this Plan or any rules or procedures established by the Committee.

ARTICLE XII

THE TRUST FUND

Section 12.01. The Trust Agreement.

The Company shall enter into a Trust Agreement for the establishment of the Trust with one or more individuals or with a bank or trust company organized and doing business under the laws of the United States or of any state and authorized under the laws of its jurisdiction of incorporation to exercise corporate trust powers. The Trust Agreement shall be deemed to form a part of the Plan, and all rights which may accrue to any Person under the Plan shall be subject to the terms of the Trust Agreement.

Section 12.02. Trustee's Power and Duties.

The Trustee shall manage and control the Trust Fund in accordance with the terms of the Trust Agreement.

Section 12.03. Use of Trust Fund.

The Trust Fund shall be used to provide the benefits and pay the expenses of this Plan and of the Trustee, and no part of the corpus or income shall be used for or diverted to purposes other than for the exclusive benefit of Members and their Beneficiaries under this Plan and the payment of expenses of the Plan and Trust. A transaction between the Plan and a common or collective trust fund or pooled investment fund maintained by a party in interest which is a bank or trust company supervised by a State or Federal agency, or a pooled investment fund of an insurance company qualified to do business in a State, and listed on Appendix B as amended from time to time shall be permitted in accordance with Section 408(b)(8) of the Act if the transaction is a sale or purchase of an interest in the fund, and the bank, trust company, or insurance company receives not more than reasonable compensation.

Section 12.04. Payment of Expenses.

All administrative and other expenses of the Plan and Trust shall be paid out of the Trust Fund unless paid by the Company. Taxes related to the unrelated business taxable income of the Trust that are paid out of the Trust Fund, shall be paid from and charged solely to the Account or Accounts involved, either on a specific or proportionate basis, as determined by the Committee.

CERTAIN RIGHTS AND OBLIGATIONS OF THE COMPANY

Section 13.01. Disclaimer of Liability.

(a) Although it is the intention of the Company to continue this Plan and to make substantial and regular contributions each year, nothing contained in this Plan or the Trust Agreement shall be deemed to require the Company to make any contributions whatsoever under this Plan or to continue the Plan.

(b) Nothing in this Plan shall be construed as the assumption by the Company of the obligation for any payment of any benefits or claims hereunder, and Members and their Beneficiaries, and all persons claiming under or through them, shall have recourse only to the Trust Fund for payment of any benefit hereunder.

(c) The rights of the Members, their Beneficiaries and all other persons are hereby expressly limited to those stated in, and shall be construed only in accordance with, the Provisions of the Plan.

Section 13.02. Termination.

The Company reserves the right in its sole discretion to terminate this Plan at any time. A "termination" shall be deemed to take place if the Company terminates the Plan, partially terminates it (within the meaning of Code Section 411(d)(3)(A)) or completely discontinues contributions under this Plan. (For this purpose a suspension of contributions which is merely temporary shall not be deemed a complete discontinuance.) In the event of a termination, the Company may direct the Trustee to continue to maintain the Trust, and the assets thereof shall be applied at the continued direction of the Committee in accordance with this Plan. Upon termination of the Trust, distribution to each Member shall be made as soon as practicable thereafter in one of the manners described in Section 10.01. Until fully distributed, Members' accounts shall be revalued from time to time in accordance with Section 8.01. Upon termination or partial termination of the Plan, the rights of all affected Members to the amounts credited to their Accounts to the date of such termination shall become non-forfeitable.

Section 13.03. Employer-Employee Relationship.

The adoption of this Plan shall in no way be construed as conferring any legal or other rights upon any Employee or any Person with respect to continuation of employment, nor shall it in any way interfere with the right of an Employer to discharge any Employee or otherwise act with respect to him. Any Employer may take any action (including discharge) with respect to any Employee or other Person without regard to the effect which such action might have upon his rights as a Member of this Plan.

Section 13.04. Merger, Etc.

(a) The merger or consolidation of an Employer with or into another company or the acquisition of its assets by any other Person shall not of itself cause the termination of this Plan or be deemed a termination of employment as to any Employee, nor shall anything in this Plan prevent the consolidation or merger of any Employer with or into any corporation or prevent the sale by any Employer of any of its assets. The merger of this Plan with another retirement plan shall not of itself cause the termination of this Plan.

(b) In the event of the dissolution, merger, consolidation or reorganization of the Company, provision may be made by which the Plan and Trust will be continued by the successor; and in such event such successor shall be substituted for the Company under the Plan. The substitution of the successor shall constitute an assumption of Plan liabilities by the successor, and the successor shall have all of the powers, duties and responsibilities of the Company under the Plan.

(c) In the event of any merger or consolidation of the Plan with, or transfer in whole or in part of the assets and liabilities of the Trust Fund to, another trust fund held under any other plan of deferred compensation maintained or to be established for the benefit of all or some of the Members of this Plan, the assets of the Trust Fund applicable to such members shall be transferred to such other trust fund only if:

(1) the values of the Accounts and the vested percentage of the Company Contributions Account of each Member, immediately after the merger, consolidation or transfer, shall be equal to or greater than such values and percentage immediately before the merger, consolidation or transfer;

(2) resolutions of the general partner referred to in Section 1.09 and of the governing body any new or successor employer of the affected Members shall authorize such transfer of assets; and, in the case of the new or successor employer of the affected Members, its resolutions shall include an assumption of liabilities with respect to such Members' inclusion in the new employer's plan; and

(3) such other plan and trust are qualified under Code Sections 401(a) and 501(a).

Section 13.05. Determination Final.

Any determinations made hereunder shall be made in a manner consistent with the Company's accounting practices and shall be final and conclusive for all purposes, notwithstanding any late adjustments in the tax returns of the Company.

ARTICLE XIV

NON-ALIENATION OF BENEFITS

Section 14.01. Provisions with Respect to Assignment and Levy.

Except as may be required under the terms of a “qualified domestic relations order” as defined in Code Section 414(p), no benefit under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, garnishment, attachment, levy or charge and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber, garnish, attach, levy upon or charge the same shall be void; nor shall any benefit be in any manner liable for or subject to the debts or other liabilities of the Person entitled thereto.

Section 14.02. Alternate Application.

If any Member or Beneficiary under this Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit under this Plan, except as specifically provided herein, or if any benefit shall be garnished, attached or levied upon other than pursuant to a qualified domestic relations order as defined in Code Section 414(p), then such benefits shall, in the discretion of the Committee, cease, and the Committee may hold or apply the same or any part thereof to or for the benefit of such Member or Beneficiary, his spouse, children or other dependents or any of them in such manner and in such proportion as the Committee may deem proper.

Section 14.03. Exceptions.

Notwithstanding anything herein to the contrary, effective August 5, 1997, the provisions of this Article XIV shall not apply to any offset of a Member’s benefits provided under the Plan against an amount that the Member is ordered or required to pay to the Plan under any of the circumstances set forth in Code Section 401(a)(13)(C) and Sections 206(d)(4) and 206(d)(5) of the Act.

ARTICLE XV

AMENDMENTS

Section 15.01. Company's Rights.

(a) The Company reserves the right, at any time and from time to time, by action of the Board, to modify or amend in whole or in part any or all of the provisions of this Plan; provided, however, that no such modification or amendment may (i) result in a retroactive reduction in the then value of any Member's Account or Loan Account; or (ii) except to the extent as may be provided in regulations promulgated by the Secretary of the Treasury, have the effect of eliminating an optional form of benefit. Notwithstanding anything in this Plan to the contrary, the Board, in its sole discretion, may make any modifications, amendments, additions or deletions in this Plan, as to benefits or otherwise and retroactively or prospectively and regardless of the effect on the rights of any particular Members, which it deems appropriate in order to bring this Plan into conformity with or to satisfy any conditions of the Act and in order to continue or maintain the qualification of the Plan and Trust under Code Section 401(a) and to have the Trust declared exempt and maintained exempt from taxation under Code Section 501(a).

(b) No amendment may change the vesting schedule under Section 9.04, either directly or indirectly, unless each Member having not less than three Years of Service is permitted to elect, within a reasonable period specified by the Committee after the adoption of such amendment, to have his or her vested percentage computed without regard to such amendment. The period during which the election may be made shall commence with the date the amendment is adopted and shall end as of the later of:

- (i) sixty days after the amendment is adopted;
- (ii) sixty days after the amendment becomes effective; or
- (iii) sixty days after the Member is issued written notice by the Committee.

Section 15.02. Provision Against Diversion.

No part of the assets of the Trust Fund shall, by reason of any modification or amendment or otherwise, be used for, or diverted to, purposes other than for the exclusive benefit of Members or their Beneficiaries under this Plan and the payment of the administrative expenses of this Plan.

LIMITATIONS ON BENEFITS AND CONTRIBUTIONS

Section 16.01. The limitations of Code Section 415 applicable to “defined contribution plans” as defined in Code Section 414(i) are hereby incorporated by reference in this Plan; provided, however, that where the Code so provides, contribution limitations in effect under prior law shall be applicable to account balances accrued as of the last effective day of such prior law.

Section 16.02.

(a) Other than as provided in Subsection (b), if, with respect to any Plan Year before 1992, contributions to a Member’s Account must be reduced to conform to the limitations on “annual additions” as explained and defined in Code Sections 415(c) (1) and 415(c) (2), Members’ Salary Deferrals made pursuant to Section 5.01, and any allocable earnings thereon, shall be distributed to the Member on a timely basis; next, Company Contributions for the Plan Year made pursuant to Section 4.02 shall be reduced until the limitations are met or this category of contributions is exhausted, whichever first occurs; next, if such contributions were made for the Plan Year, Company Contributions made pursuant to Section 4.01 shall likewise be reduced; and last, Member Salary Deferrals made pursuant to Section 6.02(c), and allocable earnings thereon, shall be distributed to the affected Member on a timely basis.

(b) If, with respect to 1990 and any Plan Year after 1991, contributions to a Member’s Account must be reduced to conform to the limitations referred to in Subsection (a), the reduction shall be achieved first by the distribution to the affected Member on a timely basis of Member Salary Deferrals made pursuant to Section 5.01, together with allocable earnings thereon, until the limitations are met or this category of contributions is exhausted, whichever first occurs. Concurrent with the return of such Member Salary Deferrals, Company Contributions made pursuant to Section 4.02 attributable to such returned Member Salary Deferrals shall be reduced. Finally, if necessary, Company Contributions for the Plan Year made pursuant to Section 4.01 shall be reduced.

Section 16.03. In the case of a Member who is, or has ever been, a participant in one or more “defined benefit plans” as defined in Code Section 414(j), maintained by an Employer or any predecessor of the Employer, if Contributions or benefits need to be reduced due to the application of Code Section 415(e), then benefits under the defined benefit plans shall be reduced with respect to that Member before any contributions credited to the Member under this Plan, or any other defined contribution plan maintained by the Employer, shall be reduced. Notwithstanding the foregoing, the limitations of Code Section 415(e) shall cease to apply as of the first day of the first Plan Year beginning on or after January 1, 2000.



ARTICLE XVII

TOP-HEAVY PLAN YEARS

Section 17.01. For purposes of this Article XVII, the following definitions shall apply:

(a) “Determination Date” means, for any Plan Year subsequent to the first Plan Year, the last day of the preceding Plan Year. For the first Plan Year of a plan, the last day of that year.

(b) “Employee” means any employee of an Employer and any beneficiary of such an employee.

(c) “Employer” means the Employer and any Affiliate.

(d) “Key Employee” means an Employee as defined in Section 416(i)(1) and the Regulations thereunder. For Plan Years beginning after December 31, 2001, “Key Employee” means any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the “Determination Date” was an officer of the Employer having annual compensation greater than \$130,000 (as adjusted under Code Section 416(i)(1) for Plan Years beginning after December 31, 2002), a 5-percent owner of the Employer or a 1-percent owner of the Employer having annual compensation of more than \$150,000. As used in this definition, “annual compensation” means compensation within the meaning of Code Section 415(c) (3). For Plan Years beginning before December 31, 2001, “Key Employee” means any Employee or former Employee (and the Beneficiaries of such Employee) who, at any time during the determination period, was an officer of the Employer if such individual’s Top-Heavy Compensation exceeds 50% of the dollar limitation under Code Section 415(b) (1) (A), an owner (or considered an owner under Code Section 318) of one of the ten largest interests in the Employer if such individual’s Top-Heavy Compensation exceeds 100% of such dollar limitation, a 5 percent owner of the Employer, or a 1 percent owner of the Employer who has annual Top-Heavy Compensation of more than \$150,000. The determination period is the Plan Year containing the Determination Date and the 4 preceding Plan Years.

(e) “Permissive Aggregation Group” means the Required Aggregation Group of plans plus any other plan or plans of the Employer which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Code Sections 401(a)(4) and 410.

(f) “Required Aggregation Group” means (1) each qualified plan of the Employer in which at least one Key Employee participates; and (2) any other qualified plan of the Employer which enables a plan described in (1) to meet the requirements of Code Sections 401(a)(4) or 410.

(g) “Top-Heavy Compensation” means the Employee’s compensation as defined in Code Section 414(q)(7). Top-Heavy Compensation shall include Deemed 125 Compensation, as defined in Section 1.16 of the Plan.

(h) “Top-Heavy Ratio” means:

(1) If, in addition to this Plan, the Employer maintains one or more other defined contribution plans (including any simplified employee pension plan) and the Employer has not maintained any defined benefit plan which, during the 1-year period ending on the Determination Date, has or has had accrued benefits, the top-heavy ratio for this Plan alone or for the Required or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the account balances of all Key Employees as of the Determination Date (including any part of any account balance distributed in the 1-year period ending on the Determination Date), and the denominator of which is the sum of all account balances (including any part of any account balance distributed in the 1-year period ending on the Determination Date), both computed in accordance with Code Section 416 and the regulations thereunder. Both the numerator and denominator of the Top-Heavy Ratio are adjusted to reflect any contribution not actually made as of the Determination Date, but which is required to be taken into account on that date under Code Section 416 and the regulations thereunder.

(2) If, in addition to this Plan, the Employer maintains one or more defined contribution plans (including any simplified employee pension plan), and the Employer maintains or has maintained one or more defined benefit plans which, during the 5-year period ending on the Determination Date, has or has had any accrued benefits, the Top-Heavy Ratio for any Required or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of account balances under the aggregated defined contribution plan or plans for all Key Employees, determined in accordance with (1) above, and the present value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees as of the Determination Date, and the denominator of which is the sum of the account balances under the aggregated defined contribution plan or plans for all participants, determined in accordance with (1) above, and the present value of accrued benefits under the defined benefit plan or plans for all participants as of the Determination Date, all determined in accordance with Code Section 416 and the regulations thereunder. The accrued benefits under a defined benefit plan in both the numerator and denominator of the Top-Heavy Ratio are adjusted for any distribution of an accrued benefit made in the 1-year period ending on the Determination Date.

(3) For purposes of (1) and (2) above, the value of account balances and the present value of accrued benefits will be determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in Code Section 416 and the regulations thereunder for the first and the second plan years of a defined benefit plan. The account balances and accrued benefits of a participant (x) who is not a Key Employee but who was a Key Employee in a prior year; or (y) who has not received any Top-Heavy Compensation from any Employer maintaining the Plan at any time during the 5-year period ending on the Determination Date, will be disregarded. Notwithstanding the above, for Plan Years beginning after December 31, 2001, the accrued benefits and accounts of any participant who has not performed services for the Employer during the 1-year period ending on the Determination Date will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and the regulations thereunder. Deductible Employee contributions will not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

(4) For purposes of (1) and (2) above, in the case of a distribution from the Plan made for any reason other than separation from service, death or disability, “5-year period” shall be substituted for “1-year period” wherever such term is found.

(i) “Valuation Date” means the last day of the Plan Year.

Top-Heavy Compensation shall include Deemed 125 Compensation, as defined in Section 1.16 of the Plan.

Section 17.02. If the Plan is or becomes top-heavy in any Plan Year, the provisions of Section 17.04 will automatically supersede any conflicting provision of the Plan.

Section 17.03. The Plan shall be considered top-heavy for any Plan Year if any of the following conditions exists:

(a) If the Top-Heavy Ratio for this Plan exceeds 60 percent and this Plan is not part of any Required Aggregation Group or Permissive Aggregation Group of plans.

(b) If this Plan is part of a Required Aggregation Group of plans but not part of a Permissive Aggregation Group and the Top-Heavy Ratio for the group of plans exceeds 60 percent.

(c) If this Plan is part of a Required Aggregation Group of plans and part of a Permissive Aggregation Group and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds 60 percent.

Section 17.04.

(a) Except as provided in subsection (b), the amount of the Company contribution made on behalf of each Member who is not a Key Employee for any Plan Year for which the Plan is a Top-Heavy Plan shall be at least equal to the lesser of:

(1) three percent (3%) of such Member’s Top-Heavy Compensation less any amount contributed on behalf of the Member under any other defined contribution plan maintained by an Employer or an Affiliate; or

(2) the percentage of Top-Heavy Compensation represented by the Company Contributions and Member Salary Deferrals made on behalf of the Key Employee for whom such percentage is the highest for such Plan Year, determined by dividing the sum of the Company Contribution and Member Salary Deferrals made on behalf of each such Key Employee by so much of his Top-Heavy Compensation as does not exceed \$200,000.

(3) Where the inclusion of this Plan in a Permissive Aggregation Group or Required Aggregation Group pursuant to Section 17.01(e) or 17.01(f) enables a defined benefit plan described in Section 17.01(f) to meet the requirements of Code Sections 401(a)(4) or Section 410, the minimum contribution required under this Section 17.04 shall be the amount specified in Section 17.04(a)(1).

ARTICLE XVIII

MISCELLANEOUS

Section 18.01.     Binding on Heirs, Etc.

This Plan shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the Members and their Beneficiaries and all successors to the Company by way of merger, consolidation, acquisition of assets or otherwise.

Section 18.02.     Governing Law.

All questions pertaining to the validity, construction and administration of the Plan shall be determined in accordance with the laws of the State of New York, except to the extent that such laws have been superseded by the Act.

Section 18.03.     Separability.

If any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of this Plan, and the Plan shall be construed and enforced as if such illegal and invalid provisions had never been inserted herein.

Section 18.04.     Captions and Gender.

The captions herein are for convenience of reference only and are not to be construed as part of the Plan. As used herein, the masculine shall include the feminine and the neuter and vice versa, as the context requires.

Section 18.05.     Merger of SCOPE.

Effective January 1, 2004, the SCB Savings or Cash Option Plan for Employees is merged into and with the Plan and the balances held in participants' accounts under SCOPE shall be transferred into the corresponding accounts under the Plan to be maintained on behalf of such Members. Unless otherwise provided herein, the benefits of each participant in the SCB Savings or Cash Option Plan for Employees who is not credited with an hour of service after December 31, 2003 shall be governed by the terms of such plan as of the date of the participant's termination of employment. Any election made under SCOPE by a participant shall be deemed to have been made under the Plan; provided that a salary deferral election made under SCOPE shall be applied under the Plan as if it were a salary deferral election made with respect to Compensation, as defined under 1.16 of the Plan, and shall be reduced, to the extent necessary to avoid exceeding the maximum limits on the amount that may be deferred pursuant to Section 5.01 by a Member.

## REQUIRED DISTRIBUTION RULES

Section 1. General. Pursuant to Section 10.08 of the Plan, this Appendix A describes the required distribution rules for Members who have reached their Required Beginning Date, as those terms are defined in the Plan, as well as the incidental death benefit requirements. The terms of this Appendix A shall apply solely to the extent required under Code Section 401(a)(9) and shall be null and void to the extent that they are not required under Section 401(a)(9) of the Code. Any capitalized terms not otherwise defined in this Appendix A have the meaning given those terms in the Plan. Notwithstanding any other provision of the Plan, distributions must be made in compliance with Treasury Regulations under Code Section 401(a)(9).

Section 2. Required Distributions. As of any Member's Required Beginning Date, the Member must begin to receive distributions of his or her benefits under the Plan.

Section 3. Single-Sum Distribution. A Member may satisfy the requirements of this Appendix A by receiving a single lump-sum distribution on or before his or her Required Beginning Date.

Section 4. Time and Manner of Distribution.

4.1. Death of Member Before Distributions Begin. If the Member dies before distributions begin, the Member's entire interest must be distributed, or begin to be distributed no later than as follows:

(a) If the Member's surviving spouse is the Member's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Member died, or by December 31 of the calendar year in which the Member would have attained age 70½, if later.

(b) If the Member's surviving spouse is not the Member's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Member died.

(c) If there is no designated beneficiary as of September 30 of the year following the year of the Member's death, the Member's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

(d) If the Member's surviving spouse is the Member's sole designated beneficiary and the surviving spouse dies after the Member but before distributions to the surviving spouse begin, this Section 4.1, other than Section 4.1(a), will apply as if the surviving spouse were the Member.

For purposes of this Section 4.1 and Section 6, unless Section 4.1(d) applies, distributions are considered to begin on the Member's Required Beginning Date. If Section 4.1(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 4.1(a).

4.2. Forms of Distribution. Unless the Member's interest is distributed in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions must be made no slower than required under Sections 5 and 6 of this Appendix A.

Section 5. Required Minimum Distributions During Member's Lifetime.

5.1. Amount of Required Minimum Distribution for Each Distribution Calendar Year. During the Member's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of:

(a) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Member's age as of the Member's birthday in the Distribution Calendar Year, or

(b) if the Member's sole designated beneficiary for the Distribution Calendar Year is the Member's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Member's and spouse's attained ages as of the Member's and spouse's birthdays in the Distribution Calendar Year.

5.2. Lifetime Required Minimum Distributions Continue Through Year of Member's Death. Required minimum distributions will be determined under this Section 5 beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Member's date of death.

Section 6. Required Minimum Distributions After Member's Death.

6.1. Death On or After Date Distributions Begin.

(a) Member Survived by Designated Beneficiary. If the Member dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Member's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Member or the remaining Life Expectancy of the Member's designated beneficiary, determined as follows:

(1) The Member's remaining Life Expectancy is calculated using the age of the Member in the year of death, reduced by one for each subsequent year.

(2) If the Member's surviving spouse is the Member's sole designated beneficiary, the remaining Life Expectancy of the surviving spouse is calculated for each Distribution Calendar Year after the year of the Member's death using the surviving spouse's age as of the spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving spouse's death, the remaining Life Expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouses death, reduced by one for each subsequent calendar year.

(3) If the Member's surviving spouse is not the Member's sole designated beneficiary, the designated beneficiary's remaining Life Expectancy is calculated using the age of the beneficiary in the year following the year of the Member's death, reduced by one for each subsequent year.

(b) No Designated Beneficiary. If the Member dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the Member's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Member's death is the quotient obtained by dividing the Participant's Account Balance by the Member's remaining Life Expectancy calculated using the age of the Member in the year of death, reduced by one for each subsequent year.

#### 6.2. Death Before Date Distributions begin.

(a) Member Survived by Designated Beneficiary. If the Member dies before the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Member's death is the quotient obtained by dividing the Participant's Account Balance by the remaining Life Expectancy of the Member's designated beneficiary, determined as provided in Section 6.1.

(b) No Designated Beneficiary. If the Member dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Member's death, distribution of the Member's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Member dies before the date distributions begin, the Member's surviving spouse is the Member's sole designated beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 4.1(a), this Section 6.2 will apply as if the surviving spouse were the Member.

6.3. Election to Apply 5-Year Rule to Distributions to Designated Beneficiaries. If the Member dies before distributions begin and there is a designated beneficiary, distribution to the designated beneficiary is not required to begin by the date specified in Section 4 of this Appendix, but the Member's entire interest will be distributed to the designated beneficiary by December 31 of the calendar year containing the fifth anniversary of the Member's death. If the Member's surviving spouse is the Member's sole designated beneficiary and the surviving spouse dies after the Member but before distributions to either the Member or the surviving spouse begin, this election will apply as if the surviving spouse were the Member.

#### Section 7. Definitions.

7.1. Designated Beneficiary. The individual who is designated as the beneficiary under Section 2.04 of the Plan and is the designated beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-4, Q&A-1, of the Treasury Regulations.



7.2. Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Member's Required Beginning Date. For distributions beginning after the Member's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under Section 4.1. The required minimum distribution for the Member's first Distribution Calendar Year will be made on or before the Member's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Member's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

7.3. Life Expectancy. Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury Regulations.

7.4. Member's Account Balance. The account balance as of the last valuation date in the calendar year immediately preceding the Distribution Calendar Year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the Distribution Calendar Year if distributed or transferred in the valuation calendar year.

7.5. Required Beginning Date. The date specified in Section 1.40 of the Plan.

Section 8. Under regulations prescribed by the Secretary of the Treasury, any amount paid to a Member's child shall be treated as if it had been paid to such Member's surviving spouse if such amount will become payable to such spouse upon the child reaching maturity or such other designated event which may be permitted under such regulations.

Section 9. TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this Appendix A, other than the last sentence of Section 1 of this Appendix A, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the plan that relate to Section 242(b)(2) of TEFRA.

Section 10. This Appendix is not intended to defer the timing of distribution beyond the date otherwise required under the Plan or to create any benefits (including but not limited to death benefits) or distribution forms that are not otherwise offered under the Plan.

APPENDIX B

COMMON OR COLLECTIVE TRUST FUNDS OR

POOLED INVESTMENT FUNDS

AllianceBernstein Wealth Appreciation Strategy Collective Trust  
AllianceBernstein Balanced Wealth Strategy Collective Trust  
AllianceBernstein Wealth Preservation Strategy Collective Trust  
AllianceBernstein US Short Duration Plus Collective Trust  
AllianceBernstein US Strategic Core-Plus Fixed Income Collective Trust  
AllianceBernstein US Style Blend Collective Trust  
AllianceBernstein International Style Blend Collective Trust  
AllianceBernstein Global All Country Blend Collective Trust  
Bernstein Global Real Estate Securities Collective Trust  
AllianceBernstein Customized Retirement Strategies

AMENDMENT AND RESTATEMENT  
OF THE  
RETIREMENT PLAN FOR EMPLOYEES  
OF  
ALLIANCE BERNSTEIN L.P.

(As Amended through September 1, 2007)

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RETIREMENT PLAN FOR EMPLOYEES

OF

ALLIANCEBERNSTEIN L.P.

WHEREAS, the Retirement Plan for Employees of AllianceBernstein L.P. (the "Plan") (formerly known as the Retirement Plan for Employees of Alliance Capital Management L.P.) was originally established effective as of January 1, 1980 by the predecessor of Alliance Capital Management L.P.; and

WHEREAS, the Plan was amended and restated from time to time to reflect changes in the predecessor's business, certain other changes and changes in applicable law; and

WHEREAS, the Plan was amended to comply with the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") and other applicable legislation, and the provisions reflecting EGTRRA are intended as good faith compliance with the requirements of EGTRRA and are to be construed in accordance with EGTRRA and guidance issued thereunder; and

WHEREAS, any Employee of the Company hired on or after October 2, 2000 is not eligible to participate in the Plan; and

WHEREAS, the Plan was amended and restated, effective as of January 1, 2006, to incorporate all Plan amendments adopted since the Plan was last amended and restated and certain additional design changes, changes required to comply with applicable law and to reflect the name change of Alliance Capital Management L.P. to AllianceBernstein L.P.

NOW, THEREFORE, the Plan is hereby amended and restated, as of September 1, 2007, to incorporate certain additional design changes.

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ARTICLE I

DEFINITIONS

The following words and phrases as used herein shall, when initially capitalized, have the following meanings unless a different meaning is required by the context:

1.01 "ACCRUED BENEFIT" as of any specified date, means the Retirement Pension, commencing on his Normal Retirement Date, earned by a Participant as of such date, which shall be equal to the Retirement Pension, computed in accordance with Section 3.02, to which he would have been entitled had he continued as an Employee until his Normal Retirement Date, had been credited with one (1) Year of Service in each year of employment during such period and had the same Average Final Compensation, Final Average Compensation and Past Final Average Compensation, as applicable, at his date of Retirement as that which he would have had if his Average Final Compensation, Final Average Compensation and Past Final Average Compensation, as applicable, had been computed as of the date of computation of his Accrued Benefit, such amounts to be multiplied by a fraction, the numerator of which is his number of years of Credited Service as of the specified date, and the denominator of which is the number of such years which he would have completed as of his Normal Retirement Date.

1.02 "ACTUARIAL EQUIVALENT" means, except as provided below, a benefit of equivalent value that is actuarially calculated based on an annual investment rate of 6% compounded annually and mortality determined in accordance with the UP-1984 mortality table with ages set back one year.

Notwithstanding the foregoing, for purposes of determining actuarial equivalent with respect to any distribution under the Plan after December 31, 1995:

- (a) whether the consent of the Participant (and if applicable, the Participant's Spouse) is necessary prior to distribution of the Participant's benefit;
- (b) the single sum value of the Participant's benefit; and
- (c) the value of a benefit under Option 4 or Option 5 provided for in Section 6.01;

a benefit of equivalent value shall be the greater of that determined in accordance with the assumptions set forth above, and that determined by applying the Applicable Interest Rate for the month of September of the Plan Year immediately preceding the Plan Year with respect to which the benefit is being determined and the Applicable Mortality Table; provided, however, in no event shall the single sum value of the Participant's benefit distributed during the 1996 calendar year be less than would result by applying the Applicable Interest Rate for January 1996 and the Applicable Mortality Table.

1.03 "ADMINISTRATIVE COMMITTEE" or "COMMITTEE" means the administrative committee appointed by the Board pursuant to Section 15.02. The term "Investment Committee" shall mean the investment committee appointed by the Board pursuant to Section 18.02.

1.04 “AFFILIATE” means any corporation or unincorporated business (i) controlled by, or under common control with, the Company within the meaning of Sections 414(b) and (c) of the Code; provided, however, that for all purposes of the Plan, “Affiliate” status shall be determined by application of Section 415(h) of the Code, or (ii) which is a member of an “affiliated service group”, as defined in Section 414(m)(2) of the Code, of which the Company is a member.

1.05 “ANNUITY PURCHASE RATE” means, effective as of July 1, 1994, (a) the interest rate which would be used by the Pension Benefit Guaranty Corporation as of the first day of the Plan Year of the date of the distribution involved for the purpose of determining the present value of a single sum distribution in connection with the termination of the Plan if the present value of the applicable vested Accrued Benefit (using such rate) does not exceed \$25,000, or (b) one hundred twenty percent of the rate used by the Pension Benefit Guaranty Corporation for that purpose if the present value of the vested Accrued Benefit, as determined in accordance with clause (a) exceeds \$25,000, provided that in no event shall the present value of a Participant’s vested Accrued Benefit determined by application of this clause (b) be less than \$25,000; provided that the Annuity Purchase Rate with respect to the Accrued Benefit as of such first day of the Plan Year shall not be larger than the Annuity Purchase Rate which would have been computed under the definition of Annuity Purchase Rate in effect immediately prior to July 1, 1994.

1.06 “APPLICABLE INTEREST RATE” means an annual investment rate equal to the annual interest rate on 30-year Treasury securities as specified by the Commissioner of Internal Revenue.

1.07 “APPLICABLE MORTALITY TABLE” means the mortality table based on the then prevailing standard table (described in Section 807(d)(5)(A) of the Code) used to determine reserves for group annuity contracts issued as of the date as of which the value of the benefit involved is determined (without regard to any other subparagraph of Section 807(d)(5) of the Code) that is prescribed by the Commissioner of Internal Revenue for purposes of determining the value of benefits.

1.08 (a) “AVERAGE FINAL COMPENSATION” means an amount obtained by totaling the Compensation of a Participant for the five (5) consecutive full calendar years preceding the date of his Retirement or other Termination of Employment, whichever is applicable, in which he received his highest aggregate Compensation (or his Compensation for his consecutive full calendar Years of Service, if less than five (5)), and dividing the sum thus obtained by five (5) (or the number of his full calendar Years of Service if less than five (5)). Notwithstanding the foregoing, partial calendar Years of Service, other than the year of termination of employment, shall be taken into account in determining Average Final Compensation, if the Participant completed at least 750 Hours of Service in each of such partial years. If any partial Year of Service is to be taken into account under the preceding sentence, the Compensation for such year shall be included in the calculation of Average Final Compensation as follows: The Compensation for any such partial Year of Service shall be added to the Compensation for the full calendar years included in calculating Average Final Compensation, and the total of such Compensation shall be divided by the sum of (i) the number of full calendar years included in calculating Average Final Compensation and (ii) the fraction whose numerator is the number of days worked during the partial Year of Service (including any weekends, holiday or vacation that occur during a continuous period of employment) and whose denominator is 365.

(b) If, during any of the calendar years taken into account in determining a Participant's Average Final Compensation, there was a period during which such Participant was an Inactive Participant, or was on unpaid Leave of Absence, or was compensated for fewer hours than are customary for his job category by reason of disability, the Compensation paid in such period shall be included in his Compensation for such calendar year (solely for the purpose of determining Average Final Compensation) at the rate of Compensation he was receiving immediately preceding such period.

1.09 "BENEFICIARY" means such person or persons as may be designated by a Participant or Retired Participant or as may otherwise be entitled, upon his death, to receive any benefits or payments under the terms of this Plan.

1.10 "BOARD OF DIRECTORS" or "BOARD" means the Board of Directors of the general partner of the Company responsible for the management of the Company's business or a committee thereof designated by such Board.

1.11 "BREAK IN SERVICE" with respect to any Employee, means any calendar year in which he completes fewer than five hundred and one (501) Hours of Service with Employers or Affiliates.

1.12 "CODE" means the Internal Revenue Code of 1986, as amended from time to time.

1.13 "COMPANY" means AllianceBernstein L.P. and any successor thereto; prior to February 24, 2006, known as Alliance Capital Management L.P.; and prior to April 21, 1988, known as Alliance Capital Management Corporation.

1.14 (a) "COMPENSATION" means, for any calendar year, an amount equal to a Participant's base salary; provided that in the case of a Participant whose Compensation from an Employer includes commissions, commissions shall be included only up to the annual amount of the Participant's draw against actual commissions in effect at the beginning of the Plan Year involved.

(b) There shall be excluded from Compensation overtime pay, bonuses, severance pay, distributions on Units representing assignments of beneficial ownership of limited partnership interests in the Company, and any amounts paid or payable to or for a Participant or Retired Participant pursuant to any welfare plan or any pension plan, profit sharing plan or any other plan of deferred compensation, or any other extraordinary item of compensation or income.

(c) Effective as of January 1, 2006, Compensation of a Member in excess of \$220,000 (or such other amount prescribed under Code Section 401(a)(17), including any cost-of-living adjustments) shall not be taken into account under the Plan for the purpose of determining benefits. The increase in the limit provided under Section 401(a)(17) of the Code under the Economic Growth and Tax Relief Reconciliation Act of 2001 shall only be applied with respect to Participants who accrue a benefit under the Plan on or after January 1, 2002.

(d) For any year for which Compensation is relevant under the Plan, in connection with any Employee who is paid based on an annual rate of salary that applies for only a portion of the year, the Compensation attributable to that portion of the year for such Employee shall be equal to the product of (i) such annual rate of salary, multiplied by (ii) a fraction, the numerator of which is the number of pay periods during such year during which such Employee was paid at that annual rate of salary, and the denominator of which is 26.



The determination of eligible Compensation shall be in accordance with records maintained by the Employer and shall be conclusive.

Compensation shall include Deemed 125 Compensation. "Deemed 125 Compensation" shall mean, in accordance with Internal Revenue Service Revenue Ruling 2002-27, 2002-20 I.R.B. 925, any amounts not available to a Participant in cash in lieu of group health coverage because the Participant is unable to certify that he or she has other health coverage. An amount shall be treated as Deemed 125 Compensation only if the Employer does not request or collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan.

1.15 (a) "CREDITED SERVICE" means, unless excluded by Subsection (b), an Employee's Years of Service;

(b) Credited Service shall not include:

(1) With respect to all Employees, Years of Service ending on or before December 31, 1969; or

(2) Any Year of Service during any part of which an Employee is an Excluded Employee; provided that if the Employee is employed by an Employer after employment with an Affiliate who during a period of employment with the Affiliate maintained a "defined benefit plan" within the meaning of Section 414(j) of the Code, the service with the Affiliate while an Affiliate upon which the Employees accrued benefits under the Affiliate's plan is based shall be considered Credited Service hereunder, but in no event shall any period be counted more than once in computing a Participant's Credited Service and any retirement pension related to such service shall be taken into account as set forth in Section 3.02(b) of the Plan.

1.16 "DEFERRED RETIREMENT" means an Employee's continued employment after his sixty-fifth (65th) birthday.

1.17 "DEFERRED RETIREMENT DATE" means the first day of the calendar month coincident with or next following the date of an Employee's Retirement provided such Retirement occurs after his Normal Retirement Date.

1.18 "DISABILITY" means the mental or physical incapacity of an Employee which, in the opinion of a physician approved by the Administrative Committee, renders him totally and permanently incapable of performing his assigned duties with an Employer or an Affiliate.

1.18.1 "DOMESTIC PARTNER" means, in the case of a Participant who dies before his Retirement Pension Starting Date, his Domestic Partner (as defined below) on the date of his death if such Domestic Partner satisfied the requirements for being a Domestic Partner as set forth below. "Domestic Partner" is an individual who, together with the Participant, satisfies the following requirements: (i) both the Participant and the domestic partner are at least 18 years of age; (ii) both the Participant and the domestic partner are of the same gender; (iii) both the Participant and the domestic partner are mentally competent to enter into a contract according to the laws of the state in which they reside; (iv) each of the Participant and the domestic partner is the sole domestic partner of the other; (v) neither of the Participant nor the domestic partner is legally married to any other individual, and, if previously married, a legal divorce or annulment has been obtained or the former spouse is deceased; (vi) neither of the Participant nor the domestic partner is related by blood to a degree of closeness that would prohibit legal marriage in the jurisdiction in which they legally reside, if they were of the same sex; (vii) the Participant and the domestic partner reside together in the same residence, have done so for a period of no less than the most recent six-month period, intend to do so indefinitely and share the common necessities of life; (viii) the Participant and domestic partner have mutually agreed to be responsible for each other's common welfare; and (ix) the Participant has designated the domestic partner as his or her domestic partner by completing and returning an 'Affidavit of Same-Sex Domestic Partnership' to the appropriate Company person indicated on such affidavit.

1.19 "EARLY RETIREMENT" means Retirement on or after a Participant's Early Retirement Date and prior to his Normal Retirement Date.

1.20 "EARLY RETIREMENT DATE" means the first day of the month coincident with or next following the date upon which the Participant shall have attained the age of fifty-five (55) and the sum of the Participant's age and Years of Service equals eighty (80).

1.21 "ELIGIBLE EMPLOYEE" means any Employee of an Employer other than:

(a) any Employee included in a unit of Employees covered by a collective bargaining agreement between an Employer and Employee representatives in the negotiation of which retirement benefits were the subject of good faith bargaining, unless: (i) such bargaining agreement provides for participation in the Plan, (ii) the Employee representatives represented an organization more than half of whose members are owners, officers or executives of such Employer, or (iii) 2% or more of the Employees who are covered pursuant to that agreement are professionals as defined in Treasury Regulation Section 1.410(b) - 6(d);

(b) Employees whose principal place of Employment is outside the United States, U.S. Virgin Islands, Guam and Puerto Rico;

(c) an individual classified by the Employer at the time services are provided as either an independent contractor, or an individual who is not classified as an Employee due to an Employer's treatment of any services provided by him as being provided by another entity which is providing such individual's services to the Employer, even if such individual is later retroactively reclassified as an Employee during all or part of such period during which services were provided pursuant to applicable law or otherwise.

(d) any individual listed in Section 2.09 of this Plan.

1.22 "EFFECTIVE DATE" means January 1, 1980.

- 1.23 “EMPLOYEE” means an individual described in Sections 3121(d) (1) or (2) of the Code who is employed by an Employer or an Affiliate.
- 1.24 “EMPLOYER” means the Company and any Affiliate which, with the consent of the Board of Directors, has adopted the Plan as a participant herein and any successor to any such Employer.
- 1.25 “EMPLOYMENT COMMENCEMENT DATE” means:
- (a) the first day in respect of which an Employee receives Compensation from an Employer or an Affiliate for the performance of services; or
  - (b) in the case of a former Employee who returns to the employ of an Employer or Affiliate after a Break in Service, the first day in respect of which, after such Break in Service, he receives Compensation from an Employer or Affiliate for the performance of services.
- 1.26 “ENTRY DATE” means the first day of each Plan Year.
- 1.27 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.
- 1.28 (a) “EXCLUDED EMPLOYEE” means an individual in the employ of an Employer or an Affiliate who:
- (1) is employed by an Affiliate that is not an Employer; or
  - (2) is included in a unit of employees covered by a collective bargaining agreement between employee representatives and one or more Employers or Affiliates, if retirement benefits were the subject of good faith bargaining between such employee representatives and such Employer; or
  - (3) is not an Excluded Employee under Paragraph (4) of this subsection (a) and is neither a resident nor a citizen of the United States of America, nor receives “earned income”, within the meaning of Section 911(b) of the Code, from an Employer or Affiliate that constitutes income from sources within the United States, within the meaning of Section 861(a)(3) of the Code, unless the individual became a Participant prior to becoming a non-resident alien and the Company stipulates that he shall not be an Excluded Employee; or
  - (4) is not a citizen of the United States, unless the individual (A) was initially engaged as an Employee by an Employer or an Affiliate to render services entirely or primarily in the United States or (B) is an Employee of an Employer which is a United States entity, and unless, in the case of an individual referred to in either Subparagraph (A) or (B) of this Paragraph 4, the Company stipulates that he shall not be an Excluded Employee; or

(5) is accruing benefits and/or receiving contributions under a retirement plan of an Affiliate which operates entirely or primarily outside the United States other than this Plan or the Profit Sharing Plan for Employees of AllianceBernstein L.P. unless, in either case, the Company stipulates that he shall not be an Excluded Employee; or

(6) is compensated on a commission arrangement which does not provide for payment of periodic draws against actual commissions earned; or

(7) is a "leased employee". For purposes of this Plan, a "leased employee" means any person (other than an Employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Section 414(n)(6) of the Code on a substantially full time basis for a period of at least one year), and such services are performed under primary direction or control by the recipient employer.

(b) An Excluded Employee shall be deemed an Employee for all purposes under this Plan except that:

(1) an Excluded Employee may not become a Participant while he remains an Excluded Employee; and

(2) a Participant shall not receive any Credited Service for any Year of Service during any part of which he remains an Excluded Employee unless the Company specifies otherwise.

1.29 "FINAL AVERAGE COMPENSATION" means an amount obtained by totaling the Compensation of a Participant for the three (3) consecutive full calendar Years of Service (which for any such year cannot exceed the taxable wage base in effect for that year) ending on or on the last day of the calendar year immediately preceding the date of his Retirement or other Termination of Employment, whichever is applicable, (or his Compensation for the number of his full calendar years and fractions thereof then ending if less than three (3)), and dividing the sum thus obtained by three (3) (or such number of full calendar years and fractions thereof if less than three (3)), but limited to Covered Compensation. Notwithstanding the foregoing, partial calendar Years of Service, other than the year of termination of employment, shall be taken into account in determining Final Average Compensation, if the Participant completed at least 750 Hours of Service in each of such partial years. If any partial Year of Service is to be taken into account under the preceding sentence, the Compensation for such year shall be included in the calculation of Final Average Compensation as follows: The Compensation for any such partial Year of Service shall be added to the Compensation for the full calendar years included in calculating Final Average Compensation, and the total of such Compensation shall be divided by the sum of (i) the number of full calendar years included in calculating Final Average Compensation and (ii) the fraction whose numerator is the number of days worked during the partial Year of Service (including any weekends, holiday or vacation that occur during a continuous period of employment) and whose denominator is 365. "Covered Compensation" for this Section 1.29 means the average of the taxable wage bases for the thirty-five (35) calendar years ending with the year an individual attains social security retirement age.

1.30 “HIGHLY COMPENSATED EMPLOYEE” means an Employee who, with respect to the “determination year”:

(a) owned (or is considered as owning within the meaning of Section 318 of the Code) at any time during the “determination year” or “look-back year” more than five percent of the outstanding stock of the Employer or stock possessing more than five percent of the total combined voting power of all stock of the Employer (the attribution of ownership interest to Family Members shall be used pursuant to Section 318 of the Code); or

(b) who received “415 Compensation” during the “look-back year” from the Employer in excess of \$80,000 and was in the Top Paid Group of Employees for the “look-back year”.

The “determination year” shall be the Plan Year for which testing is being performed. The “look-back year” shall be the Plan Year immediately preceding the “determination year.”

The term “415 Compensation” shall mean compensation reported as wages, tips and other compensation on Form W-2 and shall include: (i) any elective deferral (as defined in Section 402(g)(3) of the Code) and (ii) any amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of Sections 125, 132(f)(4), 401(k) or 457 of the Code. 415 Compensation shall include Deemed 125 Compensation, as defined in Section 1.14 of the Plan.

The dollar threshold amount specified in (b) above shall be adjusted at such time and in such manner as is provided in Regulations. In the case of such an adjustment, the dollar limits which shall be applied are those for the calendar year in which the “determination year” or “look-back year” begins.

In determining who is a Highly Compensated Employee, Employees who are nonresident aliens and who received no earned income (within the meaning of Section 911(d)(2) of the Code) from the Employer constituting United States source income within the meaning of Section 861(a)(3) of the Code shall not be treated as Employees.

Additionally, all Affiliated Employers shall be taken into account as a single employer and Leased Employees within the meaning of Sections 414(n)(2) and 414(o)(2) of the Code shall be considered Employees unless such Leased Employees are covered by a plan described in Section 414(n)(5) of the Code and are not covered in any qualified plan maintained by the Employer. The exclusion of Leased Employees for this purpose shall be applied on a uniform and consistent basis for all of the Employer’s retirement plans. Highly Compensated Former Employees shall be treated as Highly Compensated Employees without regard to whether they performed services during the “determination year”.

1.31 “HIGHLY COMPENSATED FORMER EMPLOYEE” means a former Employee who had a separation year prior to the “determination year” and was a Highly Compensated Employee in the year of separation from service or in any “determination year” after attaining age 55. Highly Compensated Former Employees shall be treated as Highly Compensated Employees. The method set forth in this Section for determining who is a “Highly Compensated Former Employee” shall be applied on a uniform and consistent basis for all purposes for which the Section 414(q) of the Code definition is applicable.

1.32 (a) "HOUR OF SERVICE" means each hour:

(1) for which an Employee is paid, or entitled to payment, by an Employer or Affiliate for the performance of duties for an Employer or Affiliate, credited for the Plan Year in which such duties were performed; or

(2) for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer or Affiliate on account of a period of Leave of Absence, credited for the Plan Year in which such Leave of Absence occurs; or

(3) for which an Employee has been awarded, or is otherwise entitled to, back pay from an Employer or Affiliate, irrespective of mitigation of damages, if he is not entitled to credit for such hour under any other Paragraph of this Subsection (a); or

(4) during which an Employee is on an unpaid Leave of Absence described in Section 1.34(a) or (b), credited at the rate of which he would have accrued Hours of Service if he had performed his normal duties during such Leave of Absence.

(5) (A) solely for purposes of Section 1.11, each hour of an Employee's absence which commences on or after January, 1985 by reason of a leave pursuant to the FMLA, the pregnancy of such Employee, the birth of a child of such Employee, the placement of a child in connection with the adoption of such child by the Employee or the caring for such child for a period beginning immediately following such birth or placement.

(B) under this Paragraph (5) an Employee shall be credited with the number of hours which would normally have been credited to him but for such absence, or in any case in which such number cannot be determined, a total of eight (8) Hours of Service for each day of such absence, except that no more than 501 Hours of Service shall be credited to an Employee for any such period of absence and such Hours of Service shall be credited to an Employee only in the Plan Year in which such period of absence began if such Employee would be prevented from incurring a Break in Service in such Plan Year solely because of the crediting of such Hours of Service, or in any other case, in the next succeeding Plan Year.

(C) Notwithstanding the foregoing, an Employee shall not be credited with Hours of Service pursuant to this Paragraph (5) unless such Employee shall furnish to the Committee on a timely basis such information as the Committee shall reasonably require to establish

- (i) that the absence from work is for reasons described in Subparagraph (A) hereof; and
- (ii) the number of days which such absence continued.

(b) Except as provided in Paragraph (a) (5), the number of a Participant's Hours of Service and the Plan Year or other compensation period to which they are to be credited shall be determined in accordance with Section 2530.200b-2 of the Rules and Regulations for Minimum Standards for Employee Pension Benefit Plans, which section is hereby incorporated by reference into this Plan.

(c) If the Participant's compensation while an Employee was not determined on the basis of certain amounts for each hour worked, his Hours of Service need not be determined from employment records, and he may, in accordance with uniform and nondiscriminatory rules adopted by the Committee, be credited with forty-five (45) Hours of Service for each week in which he would be credited with any Hours of Service under the provisions of Subsection (a) or (b).

1.33 "INACTIVE PARTICIPANT" means:

- (a) an Employee who was a Participant during the preceding Plan Year but who, during the current Plan Year, neither completed a Year of Service nor incurred a Break in Service; and
- (b) an Excluded Employee who was a Participant or an Inactive Participant during the preceding Plan Year but who, during the current Plan Year, did not incur a Break in Service.

An Inactive Participant shall be deemed a Participant for all purposes under this Plan, except that he shall not accrue any benefit hereunder for any Plan Year during which he is an Inactive Participant.

1.34 "LEAVE OF ABSENCE" means:

- (a) absence on leave approved by an Employee's Employer, if the period of such leave does not exceed two (2) years and the Employee returns to the employ of an Employer or an Affiliate upon its termination; or
- (b) absence due to service in the Armed Forces of the United States, if such absence is caused by war or other national emergency or an Employee is required to serve under the laws of conscription in time of peace, and if the Employee returns to the employ of an Employer or an Affiliate within the period provided by law; or
- (c) absence for a period not in excess of thirteen (13) consecutive weeks due to leave granted by an Employer, military service, vacation, holiday, illness, incapacity, layoff, or jury duty, if the Employee does not return to the employ of an Employer or Affiliate at the end of such period.

In granting or withholding Leaves of Absence, each Employer or Affiliate shall apply uniform and non-discriminatory rules to all Employees in similar circumstances.

1.35 "NORMAL RETIREMENT DATE" means the first day of the month coincident with or next following the sixty fifth (65th) birthday of the Participant or Retired Participant.

1.36 "OPTION" means any of the optional methods of payment of a Retirement Pension which a Participant or Retired Participant may elect in accordance with Article VI.

1.37 "PARTICIPANT" means any individual who has become a Participant in the Plan in accordance with Sections 2.01, 2.02 or 2.06 and whose participation has not terminated pursuant to Section 2.05.

1.38 "PAST FINAL AVERAGE COMPENSATION" means the amount which would have been obtained by totaling the Compensation of a Participant for the five (5) consecutive full calendar Years of Service during the last ten (10) calendar year period ending on December 31, 1988 for which the Participant received his highest aggregate Compensation (or his Compensation for the number of his consecutive full calendar Years of Service ending December 31, 1988 if less than five (5)), except that for purposes of Section 3.02(a)(3), the calculation period shall end on December 31, 1989 rather than December 31, 1988; and dividing said aggregate Compensation by five (5) (or such number of consecutive full calendar Years of Service if less than five (5)).

1.39 "PLAN YEAR" means the twelve (12) consecutive month period beginning on January 1 and ending on December 31 in any year commencing on or after January 1, 1980.

1.40 "PRIMARY SOCIAL SECURITY BENEFIT"

(a) means the estimated old age retirement benefit payable to a Participant under the Federal Old-Age and Survivors Insurance System upon his Retirement on his Normal Retirement Date or Deferred Retirement Date whichever is applicable; provided, however, that (i) in the event that either his Termination of Employment or December 31, 1989 occurs before his Normal Retirement Date, his Primary Social Security Benefit shall be estimated by computing such benefit, determined without regard to any Social Security benefit increases that become effective after his Termination of Employment or December 31, 1988, whichever is later, as if in each calendar year beginning in the calendar year in which occurred the earlier of his Termination of Employment or 1989, he continued to receive the same Compensation (defined as, Compensation in the calendar year preceding the earlier of his Termination of Employment or 1989, but including overtime, bonuses and commissions otherwise excluded under Section 1.14 (b)), as he received in the Plan Year last preceding the earlier of his Termination of Employment or 1989; and (ii) the Participant's calendar year earnings in the year of his Employment Commencement Date and for the prior calendar years shall be estimated by applying a salary scale, projected backwards, to the Participant's Compensation for the calendar year immediately following the calendar year of the Participant's Employment Commencement Date, such salary scale being the actual change in the average wages from year to year as determined by the Social Security Administration.

(b) (1) Notwithstanding the provisions of Subsection (a), each Participant may have his Primary Social Security Benefit determined on the basis on his actual salary history for the period ending on the earlier of his Termination of Employment or the December 31 applicable to the Participant for purposes of Subsection (a) within ninety (90) days after the later of (A) his Termination of Employment or (B) the date on which he is notified of the benefit to which he is entitled.



(2) As soon as practicable after a Participant's Termination of employment, the Committee shall mail or personally deliver to the Participant a notice informing him (A) of his right to supply the actual salary history described in Paragraph (b) (1), (B) of the financial consequences of failing to supply such history and (C) that he can obtain such actual salary history from the Social Security Administration.

1.41 "QUALIFIED JOINT AND SURVIVOR ANNUITY" means an annuity for the life of a Participant, with, if the Participant is married to a Spouse on his Retirement Pension Starting Date, a survivor annuity for the life of such Spouse which is one-half (½) of the amount of the annuity payable during the joint lives of the Participant and such Spouse. Any benefit payable in the form of a Qualified Joint and Survivor Annuity shall be the Actuarial Equivalent of the Participant's Retirement Pension.

1.42 "QUALIFIED PRERETIREMENT SURVIVOR ANNUITY" means:

(a) in the case of a Participant who dies after his Early Retirement Date, a monthly life annuity for a Participant's Spouse or Domestic Partner equal to fifty percent (50%) of the benefit such Participant would have received had he retired on the day before his death and commenced receiving his Retirement Pension on such date, reduced in accordance with Section 5.01, except that no reduction shall be made for the joint and survivor factor; and

(b) in the case of a Participant who dies on or prior to his Early Retirement Date, a monthly life annuity for a Participant's Spouse or Domestic Partner equal to fifty percent (50%) of the benefit such Participant would have received if the Participant's Termination of Employment had occurred on the date of his death, and such Participant had survived to his Early Retirement Date, had retired immediately upon attainment of his Early Retirement Date and immediately commenced receiving his Retirement Pension, reduced as provided in Section 5.01, except that a reduction shall be made for the joint and survivor factor. The annuity described in this Subsection (b) shall commence to be payable, at the election of such Spouse or Domestic Partner, as of the first day of any month coincident with or next following the date on which the Participant would have attained his Early Retirement Date.

(c) in the case of any vested Participant referred to in Section 4.04(a) of this Plan (a "Vested Terminated Participant") who dies on or prior to his Early Retirement or Normal Retirement, a monthly life annuity for the Vested Terminated Participant's Spouse or Domestic Partner equal to fifty percent (50%) of the benefit such Vested Terminated Participant would have received if the Vested Terminated Participant's Termination of Employment had occurred on the date of his death, and such Vested Terminated Participant had survived to his Early Retirement Date, had retired immediately upon attainment of his Early Retirement Date and immediately commenced receiving his Retirement Pension, reduced as provided in Section 5.01, except that a reduction shall be made for the joint and survivor factor. The annuity described in this Subsection (c) shall commence to be payable, at the election of such Spouse or Domestic Partner, as of the first day of any month coincident with or next following the date on which the Vested Terminated Participant would have attained his Early Retirement Date.

1.43 “REQUIRED BEGINNING DATE”

(a) for a Participant who is not a 5-percent owner (as defined in Section 416 of the Code) in the Plan Year in which he attains age 70½ and who attains age 70½ after December 31, 1998, April 1 of the calendar year following the calendar year in which occurs the later of the Participant’s (i) attainment of age 70½ or (ii) Retirement.

(b) for a Participant who (i) is a 5-percent owner (as defined in Section 416 of the Code) in the Plan Year in which he attains age 70½, or (ii) attains age 70½ before January 1, 1999, April 1 of the calendar year following the calendar year in which the Participant attains age 70½.

1.44 “RETIRED PARTICIPANT” means any Participant or former Participant who is entitled to benefits pursuant to Article III, IV or V.

1.45 “RETIREMENT” means any Termination of Employment, other than by reason of death, on or after an Employee’s Early or Normal Retirement Date.

1.46 “RETIREMENT PENSION” (a) means the annual pension to which a Participant shall become entitled pursuant to Article III, IV or V. Except as otherwise provided in this Plan, such Retirement Pension shall be a non-assignable annuity payable in monthly installments, each of which shall be equal to one-twelfth (1/12th) of the Retirement Pension determined pursuant to Article III, IV or V, whichever is applicable. The first payment of such Retirement Pension shall be made in accordance with the appropriate provisions of Article III, IV or V, and, except as otherwise provided in this Plan, the last such payment shall be made on the first day of the month within which the Retired Participant’s death occurs.

(b) Nothing herein shall affect or lessen the rights of any Participant or Beneficiary or the right of any Participant to receive a Qualified Joint and Survivor Annuity under the provisions of Section 3.03 or to elect any optional form of payment under the provisions of Article VI.

1.47 “RETIREMENT PENSION STARTING DATE” means the date as of which a Retired Participant’s Retirement Pension commences to be payable under the terms of this Plan. A Participant’s Retirement Pension Starting Date shall in no event be later than the sixtieth (60th) day after the last day of the Plan Year in which occurs the later of the date on which he attains the age of sixty-five (65) years or the date of his Termination of Employment, but in no event later than the Participant’s Required Beginning Date.

1.48 “SPOUSE” means, subject to applicable federal law:

(a) in the case of a Participant who dies before his Retirement Pension Starting Date, his lawfully married spouse on the date of his death if such spouse was married to such Participant;

(b) in the case of a Participant who dies on or after his Retirement Pension Starting Date, his lawfully married spouse on his Retirement Pension Starting Date; and

(c) a former spouse of the Participant to the extent provided in a qualified domestic relations order as described in Section 414(p) of the Code.

1.49 “SPOUSAL CONSENT” means with respect to the election by a married Participant not to receive a Qualified Joint and Survivor Annuity pursuant to Section 3.03 as a Qualified Preretirement Survivor Annuity pursuant to Section 7.02(a) or to the consent of a Participant’s Spouse to the commencement of a Participant’s Retirement Pension pursuant to Section 4.04 or 5.01, that

(a) the Participant’s Spouse consents in writing to such election or Retirement Pension commencement, and the Spouse’s consent acknowledges the effect of such election and is witnessed by a member of the Committee or by a notary public; or

(b) it is established to the Committee’s satisfaction that the consent required under Subsection (a) hereof is unobtainable because the Participant is unmarried, because the Participant’s Spouse cannot be located, or because of such other circumstances as the Secretary of the Treasury may by regulation prescribe.

Any such consent and any such determination as to the impossibility of obtaining such consent shall be effective only with respect to the individual who signs such consent or with respect to whom such determination is made and not with respect to any individual who may subsequently become the Spouse of such Participant.

1.50 “TERMINATION OF EMPLOYMENT” means the date on which an Employee ceases to be employed by an Employer or Affiliate for any reason; provided, however, that no Termination of Employment shall be deemed to occur upon an Employee’s transfer from the employ of one employer or Affiliate to the employ of another Employer or Affiliate.

1.51 “TOP PAID GROUP” means the top 20 percent of Employees who performed services for the Employer during the applicable year, ranked according to the amount of “415 Compensation” (determined for this purpose in accordance with Section 1.30) received from the Employer during such year. All Affiliated Employers shall be taken into account as a single employer, and Leased Employees within the meaning of Sections 414(n)(2) and 414(o)(2) of the Code shall be considered Employees unless such Leased Employees are covered by a plan described in Section 414(n)(5) of the Code and are not covered in any qualified plan maintained by the Employer. Employees who are non-resident aliens and who received no earned income (within the meaning of Section 911(d)(2) of the Code from the Employer constituting United States source income within the meaning of Section 861(a)(3) of the Code shall not be treated as Employees. Additionally, for the purpose of determining the number of active Employees in any year, the following additional Employees shall also be excluded; however, such Employees shall still be considered for the purpose of identifying the particular Employees in the Top Paid Group:

(a) Employees with less than six (6) months of service;

(b) Employees who normally work less than 17½ hours per week;

- (c) Employees who normally work less than six (6) months during a year; and
- (d) Employees who have not yet attained age 21.

1.52 “TREASURY REGULATIONS” means the regulations promulgated by the Internal Revenue Service and the Secretary of the Treasury under the Code.

1.53 “TRUST” means the trust forming part of this Plan.

1.54 “TRUST FUND” means all the assets of the Plan which are held by the Trustee.

1.55 “TRUSTEE” means the persons or entity acting, at any time, as trustee of the Trust Fund.

1.56 “YEARS OF SERVICE” means the following:

- (a) all Plan Years during each of which an Employee completes at least one thousand (1,000) Hours of Service;
- (b) for an Employee employed by the Company as of December 31, 1979, “Years of Service” shall include any calendar year during which he was employed on a full-time basis for the entire year prior to the Effective Date by either the Company, or Donaldson, Lufkin & Jenrette Inc. (“DLJ”), or an affiliated company of DLJ, or Wood, Struthers & Winthrop, Inc. or Pershing Co., Inc.;
- (c) in the case of any Plan Year consisting of fewer than twelve (12) months, the number of Hours of Service required to complete a Year of Service shall be determined by multiplying the number of months in such short Plan Year by eighty-three and one-third (83-1/3);
- (d) for the purpose of applying the rules in Section 4.03 to the eligibility provisions in Article II, pursuant to Section 2.06(c), Years of Service shall include the twelve (12) month period, beginning on an Employee’s Employment Commencement Date, during which he has completed one thousand (1000) Hours of Service; and
- (e) solely for the purposes of the eligibility provisions of Article II and the vesting provisions of Article IV and not for purposes of determining Credited Service under Section 1.15, in the case of an Employee who was an employee of Eberstadt Asset Management, Inc. (“Eberstadt”) on November 20, 1984, service with Eberstadt on or prior to such date shall be considered as service with an Employer or an Affiliate;
- (f) any other provision of the Plan notwithstanding, including but not limited to Section 3.02(b) and the proviso contained in Section 1.13(b)(2) solely for the purposes of the eligibility provisions of Article II and the vesting provisions of Article IV and not for purposes of determining Credited Service under Section 1.15, in the case of an Employee who was an employee of Equitable Capital Management Corporation (“ECMC”) on July 22, 1993, service with ECMC on or prior to such date shall be considered as service with an Employer or an Affiliate;

(g) for purposes of determining an Employee's Early Retirement Date under the Plan, in the case of any individual who became an Employee on March 3, 1970, such an Employee (whether or not employed on January 1, 1993) shall be credited with a full Year of Service with respect to calendar year 1970, regardless of whether a Year of Service would otherwise have been credited under the Plan.

(h) solely for the purposes of the eligibility provisions of Article II and the vesting provisions of Article IV and not for purposes of determining Credited Service under Section 1.15, in the case of an Employee who was an employee of either Shields Asset Management, Incorporated ("Shields") or Regent Investor Services Incorporated ("Regent") on March 4, 1994 and on that date became an Employee of an Employer or an Affiliate, the Employee's service with Shields or Regent on or prior to such date shall be considered as service with an Employer or an Affiliate.

(i) solely for the purposes of the eligibility provisions of Article II and the vesting provisions of Article IV and not for purposes of determining Credited Service under Section 1.15, in the case of an Employee who was an employee of Cursitor Holdings, L.P. or Cursitor Holdings Limited (individually and collectively, "Cursitor") on February 29, 1996, and on that date either was employed by or continued in the employment of Cursitor Alliance LLC, Cursitor Holdings Limited, Draycott Partners, Ltd. or Cursitor-Eaton Asset Management Company, the Employee's service with Cursitor on or prior to that date shall be considered as service with an Employer or an Affiliate.

ARTICLE II

ELIGIBILITY FOR PARTICIPATION

2.01 Each Employee who was a Participant on the Restatement Effective Date shall remain a Participant hereunder.

2.02 An Employee who does not become a Participant pursuant to Section 2.01 and who has attained age twenty-one (21) shall become a Participant as follows:

(a) if he shall have completed one thousand (1,000) Hours of Service during the twelve (12) month period beginning on his Employment Commencement Date, he shall become a Participant as of the Entry Date of the Plan Year in which occurs the end of such twelve (12) month period;

(b) if he has not satisfied the service requirements of Subsection (a), he shall become a Participant as of the Entry Date of the Plan Year immediately following the first Plan Year in which he completes one thousand (1,000) Hours of Service.

2.03 If an Employee has not attained age twenty-one (21) on the date on which he satisfies the service requirement of Section 2.02, he shall become a Participant on the Entry Date of the Plan Year in which he attains his twenty-first (21st) birthday.

2.04 If the Administrative Committee so requests, an Employee who has qualified for participation in the Plan shall file with the Administrative Committee a statement in such form as the Committee may prescribe, setting forth his age and giving such proof thereof as the Administrative Committee may require.

2.05 A Participant shall cease to be a Participant as of either:

(a) the date of his Termination of Employment if he incurs a Break in Service during the Plan Year of such Termination of Employment or in the next succeeding Plan Year; or

(b) the first day of the first Plan Year in which he incurs a Break in Service, if he incurs a Break in Service without incurring a Termination of Employment.

2.06 (a) A former Participant who has incurred a Break in Service following a Termination of Employment and who is re-employed by an Employer or Affiliate shall again become a Participant on the earlier of:

(1) his most recent Employment Commencement Date, if he completes one thousand (1,000) Hours of Service during the twelve (12) month period beginning on such date; or

(2) the first day of the first Plan Year following his most recent Employment Commencement Date during which he completes one thousand (1,000) Hours of Service.

(b) A former Participant who has incurred a Break in Service without a Termination of Employment shall again become a Participant as of the first day of the subsequent Plan Year during which he completes one thousand (1,000) Hours of Service.

(c) If the provisions of Section 4.03 are applicable to a former Participant, then Section 2.06(a) or (b) shall be inapplicable, and such former Participant shall again become a Participant when he satisfies the provisions of Section 2.02.

2.07 An Employee who is an Excluded Employee on the date on which he would otherwise become a Participant pursuant to Sections 2.01, 2.02, 2.03, or 2.06, shall become a Participant on the date, if any, on which he ceases to be an Excluded Employee, if he is then an Employee.

2.08 Notwithstanding any provision of this Plan to the contrary, effective as of December 12, 1994, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with Section 414(u) of the Code.

2.09 Notwithstanding any other provision of the Plan, the following individuals shall not be eligible to participate or be a Participant in this Plan: (i) any person who becomes an Employee on or after October 2, 2000 and (ii) employees of Sanford C. Bernstein, Inc., Sanford C. Bernstein & Co., Inc. and Bernstein Technologies Inc. and their subsidiaries who became Employees upon or after the consummation of the transactions described in that certain Acquisition Agreement dated as of June 20, 2000, as 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.

ARTICLE III

RETIREMENT ON OR AFTER NORMAL RETIREMENT DATE

3.01 Each Participant shall be retired no later than on his seventieth (70th) birthday if permitted under the provisions of the Age Discrimination in Employment Act, unless both he and his Employer agree that he shall be continued as an Employee beyond that date. Payments from the Plan shall begin in any event on the Participant's Required Beginning Date in accordance with Section 3.03(a), applied as if the Participant's Retirement occurred on the last day of the calendar year immediately preceding his Required Beginning Date. If a Participant continues as an Employee following his Required Beginning Date, the amount of the Participant's Retirement Pension payable upon his actual Retirement shall be actuarially reduced, using an investment rate of 6% and the UP 1984 mortality table with ages set back one year, to reflect any payments the Participant received prior to such Retirement following the Required Beginning Date; provided, however, that the preceding reduction shall not apply to any Participant who attained his Required Beginning Date before January 1, 1996. Notwithstanding any provision of this Plan to the contrary, the provisions of this Section 3.01 shall be construed in a manner that complies with Section 401(a)(9) of the Code and, with respect to distributions made on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the Treasury Regulations thereunder that were proposed in January 2001, the provisions of which are hereby incorporated by reference. This preceding sentence shall continue in effect until the end of the last calendar year beginning before the effective date of the final regulations under Section 401(a)(9) of the Code or such other date as may be specified in guidance published by the Internal Revenue Service.

3.02 (a) A Participant shall be fully (100%) vested in his Accrued Benefit on his sixty-fifth (65<sup>th</sup>) birthday. Upon his Retirement on or after his Normal Retirement Date, a Participant shall be entitled to receive a Retirement Pension, commencing on such date, equal to:

(1) (A) one and one-half percent (1-1/2%) of his Average Final Compensation multiplied by the number, not exceeding thirty-five (35), of his years of Credited Service completed prior to his Retirement, reduced by

(B) sixty-five one hundredths of one percent (.65%) of his Final Average Compensation multiplied by the number, not exceeding thirty five (35), of his years of Credited Service completed prior to his Retirement, plus

(C) one percent (1%) of his Average Final Compensation multiplied by the number, if any, of his years of Credited Service exceeding thirty-five (35) completed prior to his Retirement, or

(2) (A) one and one-half percent (1-1/2%) of his Past Final Average Compensation multiplied by the number of his years of Credited Service completed as of December 31, 1988, reduced by

(B) one and two-thirds percent (1-2/3%) of his Primary Social Security Benefit multiplied by the number of his years of Credited Service completed as of December 31, 1988, but in no event by more than eighty-three and a third percent (83-1/3%) of his Primary Social Security Benefit, plus



(C) one and one-half percent (1-1/2%) of his Average Final Compensation multiplied by the number, not exceeding thirty-five (35) (less the number of years of Credited Service referred to in Paragraph (2) (A) hereof, but not reduced below zero), of his years of Credited Service completed after 1988 and prior to January 1, 1991, reduced by

(D) sixty-five one hundredths of one percent (.65%) of his Final Average Compensation multiplied by the number, not exceeding thirty-five (35) (less the number of years of Credited Service referred to in Paragraph (2) (A) hereof, but not reduced below zero), of his years of Credited Service completed after 1988 and prior to January 1, 1991, plus

(E) one percent (1%) of his Average Final Compensation multiplied by the number, if any, of his years of Credited Service exceeding thirty-five (35) completed after 1988 and prior to January 1, 1991.

(3) Notwithstanding Paragraphs (1) and (2) above, in the case of a Participant who is not a Highly Compensated Employee described in Section 414(q)(1)(A) or (B) of the Code, the Retirement Pension shall not be less than:

(A) one and one-half percent (1-1/2%) of his Past Final Average Compensation multiplied by the number of his years of Credited Service completed prior to 1990, reduced by

(B) one and two-thirds percent (1-2/3%) of his Primary Social Security Benefit, multiplied by the number of his years of Credited Service completed prior to 1990, but in no event by more than eighty-three and one third percent (83-1/3%) of his Primary Social Security Benefit.

(b) Notwithstanding Subsection (a), the Retirement Pension of a Participant who is referred to in the proviso of Section 1.15(b)(2) shall be reduced, but not below the amount computed under Subsection (a) without regard to the Participant's Credited Service referred to in that proviso, by the retirement pension based on the Credited Service referred to in the proviso which the Participant is entitled to receive upon his Retirement on or after his Normal Retirement Date pursuant to the "defined benefit plan" of any Affiliate referred to in the proviso or any successor or transferor plan or that he would have been entitled to receive but for the prior payment of all or a portion of his benefits under any such plan.

(c) Notwithstanding the foregoing, the retirement pension to which a participant is entitled upon his actual date of Retirement shall in no case be less than the Retirement Pension to which he would have been entitled if he had retired on any earlier date on or after his Early Retirement Date.

(d) Notwithstanding any other provision of this Plan, the Retirement Pension of a Participant, calculated on a life annuity basis, may not exceed \$100,000 per year.

- (e) Notwithstanding the foregoing, the Retirement Pension of a Participant described in this subsection (e) shall be equal to the greater of:
- (1) the Participant's Retirement Pension determined under Section 3.02(a)-(d) as applied to the Participant's total years of Credited Service under the Plan; or
  - (2) the sum of: (A) the Participant's Retirement Pension as of December 31, 1993, frozen in accordance with Treasury Regulation Section 1.401(a)(4)-13, and (B) the Participant's Retirement Pension determined under 3.02(a)-(d), as applied to the Participant's years of Credited Service accrued after December 31, 1993.

The previous sentence shall apply only to a Participant whose Retirement Pension determined on or after January 1, 1994 is based, at least in part, on Compensation for a Plan Year beginning prior to January 1, 1994 that exceeded \$150,000.

(f) If a Participant (other than a 5% owner as described in Section 414(q) of the Code) continues as an Employee after the April 1 of the calendar year following the calendar year in which such Participant attains age 70½ (the "April 1 Date"), the provisions of this Section 3.02(f) shall apply in place of the provisions of Section 3.04(a) for periods of employment after the April 1 Date. The Participant's Accrued Benefit, determined as of any date after the April 1 Date, shall equal the greater of:

- (1) the Actuarial Equivalent, as of the date of such determination, of the Participant's Accrued Benefit determined as of the April 1 Date (if the determination is made in the Plan Year in which the April 1 Date occurs), or determined as of the last day of the prior Plan Year (if the determination is made in any later year), or
- (2) the Participant's Accrued Benefit determined as of the last day of the prior Plan Year, increased by any additional accrual due to Credited Service earned in the current Plan Year.

3.03 (a)(1) Notwithstanding any other provision of the Plan and except as provided in Paragraph (2) hereof and in Subsection (b), the Retirement Pension of a married Participant or former married Participant shall be paid in the form of a Qualified Joint and Survivor Annuity, and if the Participant is not married, in the form of a Single Life Annuity.

- (2) Distribution to a Participant in a single sum payment of the entire Actuarial Equivalent of the Accrued Benefit to which he has become entitled shall be made:
  - (A) if such distribution is made prior to the date on which payment of the Qualified Joint and Survivor Annuity commences and the amount of such distribution is \$5,000 (for Participants whose Termination of Employment occurs before January 1, 1998, \$3,500) or less; or

(B) in any case not described in subparagraph (A), with the written consent of the Participant and his Spouse (or, if the Participant has died, of his surviving Spouse).

For purposes of this Subsection, if the Actuarial Equivalent of the Retirement Pension to which a Participant has become entitled is zero, the Participant shall be deemed to have fully received a distribution of such zero Retirement Pension in a single sum.

Effective as of March 28, 2005, single sum payments pursuant to subparagraph 3.03(a)(2)(A) will be made without the Participant's consent if the amount of the distribution is \$1,000 or less and will be made only with the Participant's consent if the amount exceeds \$1,000 but is not in excess of \$5,000.

(b) A Participant or former Participant shall have the right to elect, during the ninety (90) day period terminating on his Retirement Pension Starting Date and subject to Spousal Consent, not to receive his Retirement Pension in the form of a Qualified Joint and Survivor Annuity. Any election made under this Subsection (b) may be revoked at any time and, once revoked, may be made again.

(c) The Committee shall provide to each Participant, no less than 30 days and no more than 180 days (90 days before January 1, 2007) before his or her Retirement Pension Starting Date, a written explanation of:

- (1) the terms and conditions of the Qualified Joint and Survivor Annuity;
- (2) the Participant's right to make, and the effect of, an election under Subsection (b) to waive the Qualified Joint and Survivor Annuity; and
- (3) the rights of the Participant's Spouse with respect to such election; and
- (4) the right to make, and the effect of, a revocation of any such election.

A Participant may elect (with any applicable spousal consent) to waive the requirement that the written explanation be provided at least 30 days before the Retirement Pension Starting Date if the distribution commences more than 7 days after such explanation is provided.

(d) The written notification described in Subsection (c) shall be furnished by the Committee by mail or personal delivery to the Participant or, to the extent permitted by regulations, by posting such notification, in accordance with Treasury Regulation Section 1.7476-2(c) (1), at all locations normally used by the Employer for the posting of employee matters.

(e) If a Participant so requests on or before the sixtieth (60th) day after the information described in Subsection (c) is furnished to him (or by such later date as the Committee shall prescribe), within thirty (30) days after its receipt of such request, personally deliver or mail to him a written explanation of the terms and conditions of the Qualified Joint and Survivor Annuity and of the financial effect on the Participant's Retirement Pension (in terms of dollars per Retirement Pension payment), of electing and of not electing to receive benefits in such form.

(f) A Participant who elects not to receive his Retirement Pension in the form of a Qualified Joint and Survivor Annuity or whose Spouse does not meet the requirements of Section 1.48 shall receive his Retirement Pension in the form specified by the Option which he has elected pursuant to Article VII or, if no such Option has been elected, in the form of an annuity for his own life.

3.04 Notwithstanding anything to the contrary contained in this Plan (except to the extent otherwise provided in Section 3.02(f)),

(a) If a Participant continues as an Employee after his Normal Retirement Date, the Participant's Accrued Benefit shall be actuarially increased to take into account the period after his Normal Retirement Date during which the Participant was not receiving any benefits under the Plan. The Participant's Accrued Benefit, determined as of any date after his Normal Retirement Date, shall equal the greater of:

(1) the Actuarial Equivalent, as of the date of such determination, of the Participant's Accrued Benefit determined as of his Normal Retirement Date (if the determination is made in the Plan Year in which he reaches his Normal Retirement Date), or determined as of the last day of the prior Plan Year (if the determination is made in any later year), or

(2) the Participant's Accrued Benefit determined as of the last day of the prior Plan Year, increased by any additional accrual due to Credited Service earned in the current Plan Year.

(b) If a Participant, after his Normal Retirement Date, again becomes an Employee, his Retirement Pension shall be suspended during the period of his reemployment. The amount of such reemployed Participant's Retirement Pension payable upon his subsequent retirement shall be determined in accordance with Section 3.04(a), except that (1) the Participant's date of reemployment shall be substituted for the Participant's Normal Retirement Date and (2) such Retirement Pension shall be reduced by the Actuarial Equivalent of the retirement benefits previously received.

ARTICLE IV

VESTING

4.01 (a) Participant whose Termination of Employment occurs, other than by reason of his death or Disability, prior to his Early Retirement Date, shall have a vested interest in his Accrued Benefit determined in accordance with the following schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Fewer than Five	0%
Five or more	100%

provided that the applicable percentage for a Participant who had four (4) but fewer than five (5) Years of Service prior to October 25, 1989 shall in no event be less than forty percent (40%).

(b) Notwithstanding the foregoing, a Participant shall be fully (100%) vested upon his death, upon his Termination of Employment due to Disability, or upon attaining his Early Retirement Date.

4.02 If a former Employee again becomes an Employee after having incurred a Break in Service, the Years of Service which he had completed prior to such Break in Service shall be disregarded for all purposes under this Plan until he shall have completed one (1) Year of Service after such Break in Service.

4.03 If a former Employee:

- (a) has incurred a number of consecutive Breaks in Service which equals or exceeds the greater of (i) five (5) or (ii) the number of his Years of Service before such Breaks in Service;
- (b) had no vested interest in his Accrued Benefit at the time of such Break in Service; and
- (c) again becomes an Employee, his Years of Service prior to such Breaks in Service shall be disregarded for all purposes under this plan.

4.04 (a) A vested Participant whose Termination of Employment occurs, other than by reason of his death or Disability, prior to his Early Retirement Date shall be entitled to a Retirement Pension:

- (1) commencing on his Early Retirement Date; or
- (2) at his written election, commencing on the first day of any month after his Early Retirement Date but not later than his Normal Retirement Date;

and which is the Actuarial Equivalent, as of his Retirement Pension Starting Date, of his Accrued Benefit; provided, that without the written consent of the Participant, and if the Participant is married, Spousal Consent, such Retirement Pension shall not commence prior to his Normal Retirement Date if the Actuarial Equivalent of such Retirement Pension is greater than \$5,000 (for Participants whose Termination of Employment occurs before January 1, 1998, \$3,500).

(b) Notwithstanding any other provision of this Plan, if a Participant is entitled to a Retirement Pension pursuant to the provisions of this Article IV, such Retirement Pension shall be paid in accordance with the provisions of Section 3.04.

4.05 In the case of a former Participant who is reemployed by any Employer or an Affiliate before such Participant's Normal Retirement Date:

(a) if he is receiving a Retirement Pension at the time of his reemployment, such Retirement Pension shall be suspended during the period of his reemployment, and any years of Credited Service with respect to which he has received any benefits under this Plan shall be taken into account for purposes of determining his benefit under benefit accrual provisions of Section 3.02 or Subsection 11.04(a)(2), but the amount of his Retirement Pension, when payable, shall be reduced by the Actuarial Equivalent of such benefits previously received;

(b) if he had received a single sum distribution (or been deemed to have received such a distribution under Subsection 3.03(a)(2) hereof) or any optional payment under the terms of the Plan, his Years of Credited Service with respect to which he had received any benefits under this Plan shall be taken into account for purposes of determining his benefit under the benefit accrual provisions of Section 3.01 or Subsection 11.04(a)(2), but the amount of his Retirement Pension, when payable, shall be reduced by the Actuarial Equivalent of the benefits previously received. In the case of an Employee whose period of reemployment extends beyond his Normal Retirement Date, the provisions of Section 3.04(a) shall apply in addition to the provisions of this Section 4.05.

ARTICLE V

EARLY RETIREMENT AND DISABILITY BENEFIT

5.01 Upon Retirement on or after his Early Retirement Date but before his Normal Retirement Date, a Participant shall be entitled to elect to receive, with his written consent and the consent of his Spouse, if applicable, a Retirement Pension commencing on:

- (a) the first day of the month coincident with or next following the date of his Retirement; or
- (b) the first day of any month which precedes his Normal Retirement Date;

which is the Actuarial Equivalent as of his Normal Retirement Date of his Accrued Benefit.

Notwithstanding the foregoing, however, in no event shall the Participant's Retirement Pension payable pursuant to this Section 5.01 be less than the Participant's Retirement Pension determined under this Section as of December 31, 1995 based on the Annuity Purchase Rate and mortality determined by application of the UP-1984 mortality table set back one year.

5.02 Upon a Participant's Termination of Employment due to Disability, he shall be fully (100%) vested in his Accrued Benefit and shall be entitled to receive a Retirement Pension commencing on his Normal Retirement which is equal to his Accrued Benefit as of the date of his Termination of Employment.

5.03 Notwithstanding any other provision of this Plan, if a Participant is entitled to a Retirement Pension pursuant to the provisions of this Article V, such Retirement Pension shall be paid in accordance with the provisions of Section 3.04.

ARTICLE VI

OPTIONAL METHODS OF PAYMENT

6.01 The optional methods of payment set forth in this Section 6.01 shall be available under the Plan and shall be elected in the manner provided herein.

(a) Election Procedure.

A Participant or Retired Participant may elect any of the Options provided herein, which Option shall be the Actuarial Equivalent (determined as of his Retirement Pension Starting Date) of the Retirement Pension otherwise payable to him in accordance with Article III, IV or V, whichever is applicable; provided, however, that no Option may be elected which would permit his Beneficiary (other than his Spouse) to receive a benefit which is fifty percent (50%) or more of the Actuarial Equivalent (determined as of the Participant's projected Retirement Pension Starting Date) of the combined benefits payable to such Beneficiary and such Participant or Retired Participant. Such election shall be made in accordance with Section 3.03(b). Except as otherwise provided in this Article VI, an Option shall become effective on the later of (1) the date a Participant elects an Option, or (2) his Retirement Pension Starting Date. If a Participant or Retired Participant dies before the date on which an Option becomes effective, any election of such Option shall be null and void. A married Participant may elect an Option only if he elects, in accordance with Section 3.03, not to receive benefits in the form of a Qualified Joint and Survivor Annuity.

(b) The following Options may be elected by a Participant:

Option 1

Life Annuity: A Participant or Retired Participant may elect to receive his Retirement Pension in the form of an annuity for his own life only.

Option 2

Joint and Survivor Annuity: (1) A Participant or Retired Participant may elect to receive an actuarially adjusted Retirement Pension payable to himself in equal monthly installments for his lifetime and thereafter payable to his Beneficiary, if such Beneficiary survives him, in equal monthly installments at a rate of fifty percent (50%), seventy-five percent (75%) or one hundred percent (100%), as the Participant or Retired Participant may designate, of the Retirement Pension payable during their joint lifetimes. Election of this Option is conditioned upon the statement of the name and gender of the Beneficiary in such election, and in addition, the delivery to the Administrative Committee within ninety (90) days after filing such election of proof, satisfactory to the Administrative Committee, of the age of the Beneficiary.

(2) If his Beneficiary dies before the Retirement Pension Starting Date of the Participant or Retired Participant, any election of this Option 2 shall be null and void.

(3) If his Beneficiary dies after the Retired Participant's Retirement Pension Starting Date, the election of this Option 2 shall be effective, and the Participant or Retired Participant shall receive or continue to receive the same actuarially adjusted Retirement Pension as if his Beneficiary had not predeceased him.



### Option 3

Life Annuity - Period Certain: A Participant or Retired Participant may elect to receive an actuarially adjusted Retirement Pension payable in equal monthly installments for his lifetime or over a period certain not longer than the greater of the Participant's life expectancy on his Retirement Pension Starting Date, or the joint life and last survivor expectancy of the Participant or Retired Participant and his Beneficiary on his Retirement Pension Starting Date, determined under the Treasury Regulations under Section 72 of the Code. If the Participant or Retired Participant dies prior to the end of the period certain, the remaining installments shall be paid to his Beneficiary. Notwithstanding the foregoing, effective 180 days after the adoption of this amended and restated Plan document, the period certain option shall be limited to a period certain of either ten (10) years or fifteen (15) years as elected by a Participant.

### Option 4

Single Sum Distribution: A Participant or Retired Participant may elect to receive the Actuarial Equivalent of his Accrued Benefit, computed as of his Retirement date, in the form of a single sum distribution. Such amount shall be paid to him, or, if he dies between the date on which the distribution first becomes payable and the date of actual distribution, to his Beneficiary, within sixty days after the date which would otherwise have been his Retirement Pension Starting Date; provided, however, that the entire amount shall be distributed within a single taxable year of the recipient. In no event shall a Participant's benefit payable under this Option 4 be less than would have been payable under the terms of the Plan in effect on December 31, 1995 based on the Participant's Accrued Benefit as of that date.

### Option 5

Payment in Installments: A Participant or Retired Participant may elect to have the Actuarial Equivalent of his Accrued Benefit, computed as of his Retirement date, paid to him in approximately equal installments, payable no less often than annually, over a period certain not longer than the greater of the Participant's life expectancy on his Retirement Pension Starting Date, or the joint life and last survivor expectancy of the Participant or Retired Participant and his Beneficiary on his Retirement Pension Starting Date, determined under the Treasury Regulations under Section 72 of the Code. If the Participant or Retired Participant dies prior to the end of the period certain, the remaining installments shall be paid to his Beneficiary. In no event shall a Participant's benefit payable under this Option 5 be less than would have been payable under the terms of the Plan in effect on December 31, 1995 based on the Participant's Accrued Benefit as of that date. Notwithstanding the foregoing, effective 180 days after the adoption of this amended and restated Plan document, the installment option shall be limited to a period certain of either ten (10) years or fifteen (15) years as elected by a Participant.

(c) Change of Option:

A Participant or Retired Participant may elect to change the Option then in effect at any time during the period provided in Subsection (a) within which an Option may be elected; provided, however, that a Participant or Retired Participant may not elect to change the Option then in effect more frequently than once during any consecutive twelve (12) month period.

(d) Designation of Beneficiary:

(1) Upon receipt of notification from the Administrative Committee that he has qualified for participation in the Plan, a Participant may designate a Beneficiary or Beneficiaries and a successor Beneficiary or Beneficiaries. A Participant or Retired Participant may change such designation from time to time by filing a new designation with the Administrative Committee. No change of Beneficiary shall require the consent of any previously designated Beneficiary, and no Beneficiary shall have any rights under this Plan except as specifically provided by its terms.

(2) If a Retired Participant (other than one who has elected Option 1 or 2) has failed to designate a Beneficiary, or if his Beneficiary has predeceased him, or if he has instructed the Administrative Committee in writing to designate a Beneficiary, the Administrative Committee shall designate a Beneficiary or Beneficiaries on his behalf, but only from among his Spouse, descendants (including adoptive descendants), parents, brothers and sisters, or nephews and nieces; provided, however, that if the Retired Participant had instructed the Administrative Committee in writing to designate in a specified order or from a specified group, the Administrative Committee shall act only in accordance with such written instructions. If a Retired Participant has no validly designated Beneficiary, the Actuarial Equivalent of any amounts which would otherwise have been payable to a Beneficiary shall be paid to the Retired Participant's estate.

(3) If the Beneficiary of a Participant or Retired Participant predeceases him the rights of such Beneficiary shall thereupon terminate.

(4) If a Retired Participant dies after any installment of his Retirement Pension has become due but has not yet been paid to him, the balance of such installment shall be paid to his Beneficiary.

6.02 The Administrative Committee is authorized and empowered from time to time to adopt and fairly to administer regulations relating to the exercise or operation of an Option; provided, however, that no such regulation shall be inconsistent with the provisions of Section 6.01. Without limiting the generality of the foregoing such regulations may prescribe:

- (a) such terms and conditions as the Administrative Committee shall deem appropriate in respect of the exercise of any Option;
- (b) the form of application;
- (c) any information or proof thereof to be furnished by a Participant, a Retired Participant or a Beneficiary in connection with any Option; and
- (d) any other requirement or condition relating to any Option.

6.03 The Administrative Committee may, in its sole discretion, at any time or from time to time, provide the benefits to which any Retired Participant or his Beneficiary is entitled under this Plan by purchase of any form of nonassignable annuity contract. Upon the purchase of any such contract, the rights of the Retired Participant and his Beneficiary to receive any payments pursuant to this Plan shall be exclusively limited to such rights as may accrue under such contract, and neither such Retired Participant nor his Beneficiary shall have any further claim against his Employer, the Administrative Committee, the Trustee or any other person.

6.04 If, at any time, any Retired Participant or his Beneficiary is, in the judgment of the Administrative Committee, legally, physically or mentally incapable of personally receiving and receipting for any payment due hereunder, payment may, in the discretion of the Administrative Committee, be made to the guardian or legal representative of such Retired Participant or Beneficiary or, if none exists, to any other person or institution which, in the judgment of the Administrative Committee, is then maintaining, or then has custody of, such Retired Participant or Beneficiary.

6.05 Notwithstanding anything to the contrary contained in this Plan:

(a) The entire interest of each Participant must be distributed or begin to be distributed no later than the Participant's Required Beginning Date.

(b) Distributions, if not made in a single sum, may only be made over one of the following periods (or a combination thereof):

(1) the life of the Participant,

(2) the life of the Participant and Designated Beneficiary,

(3) a period certain not extending beyond the life expectancy of the Participant, or

(4) a period certain not extending beyond the joint and last survivor expectancy of the Participant and his Designated Beneficiary.

(c) If the Participant dies after distribution of his or her interest has begun, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death.

(d) If the Participant dies before distribution of his or her interest begins, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth (5th) anniversary of the Participant's death except to the extent that an election is made to receive distributions in accordance with (1) or (2) below:

(1) If any portion of the Participant's interest is payable to a Beneficiary, distributions may be made over the life or over a period certain not greater than the life expectancy of the Designated Beneficiary commencing on or before December 31 of the calendar year immediately following the calendar year in which the Participant died;

(2) If the Beneficiary is the Participant's surviving Spouse, the date distributions are required to begin in accordance with (a) above shall not be earlier than December 31 of the calendar year in which the Participant would have attained age 70-1/2;

(3) If the surviving Spouse dies before the distributions to such spouse begin, the provisions of this Section 6.05(d), shall be applied as if the surviving spouse were the Participant.

(e) Any amount paid to a child of the Participant will be treated as if it has been paid to the surviving Spouse if the amount becomes payable to the surviving spouse when the child reaches the age of majority.

(f) The life expectancy of a Participant and his Spouse may be recalculated annually. The life expectancy of a non-Spouse beneficiary may not be recalculated.

(g) Notwithstanding any provision of this Plan to the contrary, the provisions of this Section 6.05 shall be construed in a manner that complies with Section 401(a)(9) of the Code and, with respect to distributions made on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the Treasury Regulations thereunder that were proposed in January 2001, the provisions of which are hereby incorporated by reference. This subsection (g) shall continue in effect until the end of the last calendar year beginning before the effective date of the final regulations under Section 401(a)(9) of the Code or such other date as may be specified in guidance published by the Internal Revenue Service.

(h) Notwithstanding any provision of this Plan to the contrary, the provisions of this Section 6.05 shall be construed in a manner that complies with Section 401(a)(9) of the Code and the final Treasury Regulations thereunder, as reflected in Appendix A to the Plan.

6.06 Notwithstanding anything contained herein to the contrary, unless the Participant elects otherwise, distributions to the Participant will commence no later than the 60th day after the close of the Plan Year in which occurs the latest of:

- (1) the Participant's attainment of age 65;
- (2) the 10th anniversary of the year in which the Participant commenced participation in the Plan; or
- (3) the Participant's termination of service with the Employer.

Notwithstanding the foregoing, the failure of a Participant and his Spouse to consent to a distribution at any time that any portion of the Accrued Benefit could be distributed to the Participant or his surviving Spouse prior to the time the Participant attains (or would have attained if not deceased) age 65, shall be deemed to be an election to defer payment of any benefit sufficient to satisfy this Section 6.06.

ARTICLE VII

DEATH BENEFIT

7.01 No benefits under this Plan shall be payable on account of the death of a Participant or Retired Participant other than a death benefit pursuant to Section 3.03, an Option validly elected under Article VI, or this Article VII.

7.02 (a) Except as provided in Subsection (b), if a Participant who is vested in any portion of his Accrued Benefit should die prior to his Retirement Pension Starting Date, his Spouse or Domestic Partner shall be entitled to receive a Qualified Preretirement Survivor Annuity.

(b) Notwithstanding any other provision of this Article VII, distributions of the Actuarial Equivalent of the Qualified Preretirement Survivor Annuity to which a surviving Spouse or Domestic Partner has become entitled shall immediately be made or commence to be made to the surviving Spouse or Domestic Partner in a form other than the Qualified Preretirement Survivor Annuity:

(1) if such distribution is made prior to the date on which payments of the Qualified Preretirement Survivor Annuity commence and the amount of such distribution is \$5,000 (for Participants whose Termination of Employment occurs before January 1, 1998, \$3,500) or less; or

(2) in any case not described in Paragraph (1), with the written consent of such surviving Spouse.

7.03 (a) The Committee shall provide each Participant within the “applicable period” for such Participant a written explanation of the Qualified Preretirement Survivor Annuity comparable to the explanation required in Section 3.03(c).

(b) The applicable period is whichever of the following periods ends last:

(1) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35;

(2) “a reasonable period” ending after the individual becomes a Participant; and

(3) “a reasonable period” ending after this Section 7.03 first applies to the Participant.

For purposes of this Section 7.03, “a reasonable period” is the end of the two year period beginning one year prior to the date the applicable event occurs, and ending one year after that date.

(c) Notwithstanding the foregoing in the case of a Participant who separates from service before the Plan Year in which age 35 is attained, notice shall be provided within the two year period beginning one year prior to separation and ending one year after separation. If the Participant thereafter returns to employment with the Employer, the “applicable period” for such participant shall be redetermined.

ARTICLE VIII

DIRECT ROLLOVER DISTRIBUTIONS

8.01 Upon receiving directions from a Member who is eligible to receive a distribution from the Plan which constitutes an eligible rollover distribution, as defined in Section 402(c)(4) of the Code, to transfer all or any part of such distribution to an eligible retirement plan, as defined in Section 402(c)(8)(B), the Administrative Committee shall cause the portion of the distribution which the Participant has elected to so transfer to be transferred directly to such eligible retirement plan; provided, however, that the Participant shall be required to notify the Administrative Committee of the identity of the eligible retirement plan at the time and in the manner that the Administrative Committee shall prescribe and the Administrative Committee may require the Participant or the eligible retirement plan to provide a statement that the eligible retirement plan is intended to be qualified under Section 401(a) of the Code (if the plan is intended to be so qualified) or otherwise meets the requirements necessary to be an eligible retirement plan.

8.02 Upon receiving instructions from a Beneficiary who is the Participant's Spouse who is eligible to receive a distribution pursuant to the Plan that constitutes an eligible rollover distribution as defined in Section 402(c)(4) of the Code, to transfer all or any part of such distribution to a plan that constitutes an eligible retirement plan under Section 402(c)(8)(B) of the Code with respect to that distribution, the Administrative Committee shall cause the portion of the distribution which such Spouse has elected to so transfer to the eligible retirement plan so designated; provided, however, that the Spouse shall be required to notify the Administrative Committee of the identity of the eligible retirement plan at the time and in the manner that the Committee shall prescribe.

8.03 The Administrative Committee may accomplish the direct transfer described in Section 8.01 or Section 8.02, as applicable, by delivering a check to the Participant or Spouse (in each case, a "Distributee") which is payable to the trustee, custodian or other appropriate fiduciary of the eligible retirement plan, or by such other means as the Administrative Committee may in its discretion determine. The Administrative Committee may establish such rules and procedures regarding minimum amounts which may be the subject of direct transfers and other matters pertaining to direct transfers as it deems necessary from time to time.

ARTICLE IX

EMPLOYER CONTRIBUTION AND FUNDING POLICY

9.01 This Plan contemplates that each Employer shall, from time to time, contribute such amounts as may, in accordance with Section 412 of the Code and sound actuarial principles (as recommended by an actuary enrolled pursuant to Section 3042 of ERISA), be deemed necessary by such Employer to provide the benefits contemplated hereunder.

9.02 All contributions made by any Employer shall be paid directly to the Trustee for deposit in the Trust Fund.

9.03 Any forfeiture arising under the provisions of this Plan shall be applied to reduce contributions which would otherwise be required to be made by the Employers pursuant to Section 9.01.

9.04 The Company shall establish a funding policy and method consistent with the objectives of the Plan and the requirements of Title I of ERISA. In establishing and reviewing such funding policy and method, the Company shall endeavor to determine the Plan's short-term and long-term financial needs, taking into account the need for liquidity to pay benefits and the need for investment growth.



LIMITATIONS ON BENEFITS

10.01 (a) The limitations of Section 415 of the Code applicable to “defined benefit plans” as defined in Section 414(j) of the Code are hereby incorporated by reference in this Plan; provided, however, that where the Code so provides, benefit limitations in effect under prior law shall be applicable to benefits accrued as of the last effective day of such prior law. In the case of a Participant who is, or has ever been, a participant in one or more “defined contribution plans” as defined in Section 414(i) of the Code maintained by Employer or any predecessor of the Employer, if benefits or contributions need to be reduced due to the application of Section 415(e) of the Code, then benefits under this Plan shall be reduced with respect to the affected Participant before any contributions credited to the Participant under any defined contribution plan maintained by the Employer shall be reduced. Notwithstanding the foregoing, the limitations of Section 415(e) of the Code shall cease to apply as of the first day of the first Plan Year beginning on or after January 1, 2000.

(b) For purposes of applying the limitations described in this Section 10.01, if benefits under the Plan are received in any form other than a straight life annuity, or if such benefits relate to rollover contributions to the Plan, then such benefit must be adjusted to a straight life annuity, beginning at the same age, which is the actuarial equivalent of such benefit. In order to determine the actuarial equivalence of different forms of benefit payment for this purpose, the interest rate assumptions may not be less than the greater of 5 percent or the rate specified for purposes of Section 1.02 of the Plan. For limitation years beginning on or after January 1, 1995, the actuarially equivalent straight life annuity for purposes of applying the limitations under Section 415(b) of the Code to benefits that are not subject to Section 417(e)(3) of the Code is equal to the greater of the equivalent annual benefit computed using the interest rate and mortality table, or tabular factor, specified in Section 1.02 of the Plan for actuarial equivalence for the particular form of benefit payable, and the equivalent annual benefit computed using a 5 percent interest rate assumption and the applicable mortality table. For Plan benefits subject to Section 417(e)(3) of the Code, the equivalent annual straight life annuity is equal to the greater of the equivalent annual benefit computed using the interest rate and mortality table, or tabular factor, specified in Section 1.02 of the Plan for actuarial equivalence for the particular form of benefit payable, and the equivalent annual benefit computed using the annual interest rate on 30-year Treasury securities as specified by the Commissioner of the Internal Revenue Service, and the mortality table described in Revenue Ruling 2001-62 or any successor table (Revenue Ruling 95-6 for distributions with annuity starting dates prior to December 31, 2002). For Limitation Years beginning in 2004 or 2005, for the purposes of determining the Actuarial Equivalent value for a form of payment that is subject to Code Section 417(e)(3), the interest rate assumption shall be the greater of (i) the Applicable Interest Rate or (ii) 5.5 percent. For limitation years beginning in 2006 and thereafter, for the purposes of determining the Actuarial Equivalent value for a form of payment that is subject to Code Section 417(e)(3), the interest rate assumption shall be the greater of (i) the Applicable Interest Rate, (ii) 5.5 percent or (iii) the rate that provides a benefit of not more than 105% of the benefit that would be provided if the rate (or rates) applicable in determining minimum lump sums were used.

ARTICLE XI

TOP-HEAVY PLAN YEARS

11.01 For purposes of this Article XI, the following definitions shall apply:

(a) “Determination Date” means for any Plan Year subsequent to the first Plan Year, the last day of the preceding Plan Year, for the first Plan Year, the last day of that Plan Year.

(b) “Employee” means any employee of an Employer and any beneficiary of such an employee.

(c) “Employer” means the Employer and any Affiliate.

(d) “Key Employee” means, for Plan Years beginning after December 31, 2000, any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the determination date was an officer of the Employer having annual compensation greater than \$130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner of the employer, or a 1-percent owner of the employer having annual compensation of more than \$150,000. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a Key Employee will be made in accordance with Section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

(e) “Permissive Aggregation Group” means the Required Aggregation Group of plans plus any other plan or plans of the Employer which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Sections 401(a)(4) and 410 of the Code.

(f) “Required Aggregation Group” means (1) each qualified plan of the Employer in which at least one Key Employee participates, and (2) any other qualified plan of the Employer which enables a plan described in (1) to meet the requirements of Sections 401(a)(4) or 410 of the Code.

(g) “Top-Heavy Compensation” means the first \$200,000 (or such higher amount as may be prescribed pursuant to Treasury Regulations) of W-2 earnings actually paid in the Plan Year by an Employer or an Affiliate for services as an Employee. Top-Heavy Compensation shall include Deemed 125 Compensation, as defined in Section 1.14 of the Plan.

(h) “Top-Heavy Ratio”:

(1) If in addition to this Plan the Employer maintains one or more other defined benefit plans (including any simplified employee pension plan) and the Employer has not maintained any defined contribution plan which during the 1-year period ending on the Determination Date has or has had account balances, the top-heavy ratio for this Plan alone or for the Required or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the present value of accrued benefits of all Key Employees as of the Determination Date (including any part of any accrued benefit distributed in the 1-year period ending on the Determination Date), and the denominator of which is the sum of the present value of all accrued benefits (including any part of any accrued benefit distributed in the 1-year period ending on the Determination Date), both computed in accordance with Section 416 of the Code and the regulations thereunder.

(2) If in addition to this Plan the Employer maintains one or more defined benefit plans (including any simplified employee pension plan) and the Employer maintains or has maintained one or more defined contribution plans which during the 1-year period ending on the Determination Date has or has had any account balances, the Top-Heavy Ratio for any Required or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the present value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees, determined in accordance with (1) above, and the sum of the account balances under the aggregated defined contribution plan or plans for all Key Employees as of the Determination Date, and the denominator of which is the sum of the present value of accrued benefits under the aggregated defined benefit plan or plans for all participants, determined in accordance with (1) above, and the sum of the account balances under the aggregated defined contribution plan or plans for all participants as of the Determination Date, all determined in accordance with Section 416 of the Code and the regulations thereunder. The account balances accrued benefits under a defined contribution plan in both the numerator and denominator of the Top-Heavy Ratio are increased for any distribution of an account balance made in the 1-year period ending on the Determination Date.

(3) For purposes of (1) and (2) above, the value of account balances and the present value of accrued benefits will be determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in Section 416 of the Code and the regulations thereunder for the first and the second plan years of a defined benefit plan. The account balances and accrued benefits of a participant (x) who is not a Key Employee but who was a Key Employee in a prior year, or (y) who has not received any Top-Heavy Compensation from any Employer maintaining the Plan at any time during the 5-year period ending on the Determination Date will be disregarded. Notwithstanding the above, for Plan Years beginning after December 31, 2001, the accrued benefits and accounts of any Participant who has not performed services for the Employer during the 1-year period ending on the Determination Date will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Section 416 of the Code and the regulations thereunder. Deductible Employee contributions will not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

The accrued benefit of a Participant other than a Key Employee shall be determined under (x) the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the Employer, or (y) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Section 411(b)(1)(C) of the Code.

(4) For purposes of (1) and (2) above, in the case of a distribution from the Plan made for a reason other than separation from service, death or Disability, “5 year period” shall be substituted for “1-year period” wherever such term is found.

(ii) “Valuation Date” means the last day of a Plan Year.

11.02 If the Plan is or becomes top-heavy in any Plan Year, the provisions of Sections 11.04 through 11.05 will automatically supersede any conflicting provision of the Plan.

11.03 The Plan shall be considered top-heavy for any Plan Year if any of the following conditions exists:

(a) If the Top-Heavy Ratio for the Plan exceeds 60 percent and the Plan is not part of any Required Aggregation Group or Permissive Aggregation Group of plans.

(b) If the Plan is part of a Required Aggregation Group of plans but not part of a Permissive Aggregation Group and the Top-Heavy Ratio for the group of plans exceeds 60 percent.

(c) If the Plan is part of a Required Aggregation Group of plans and part of a Permissive Aggregation Group and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds 60 percent.

11.04 (a) The Retirement Pension, commencing on or after the Normal Retirement Date of each individual, other than a Key Employee, who was a Participant during any Top-Heavy Plan year shall be the greater of:

(1) such Participant’s Retirement Pension determined under Section 3.02; or

(2) an amount equal to two percent (2%) of such Participant’s Highest Average Compensation for each of the first ten (10) years of his Top-Heavy Service; provided, however, that in the case of a Participant whose Retirement Pension Starting Date is later than his Normal Retirement Date, the amount determined under this Paragraph (2) commencing on such Retirement Pension Starting Date shall not be less than the Actuarial Equivalent of the Retirement Pension that would have been payable pursuant to this Paragraph (2) on the Participant’s Normal Retirement Date

(b) For purposes of this Section 11.04:

(1) “Highest Average Compensation” means a Participant’s average Top-Heavy Compensation for the five (5) consecutive years during which his aggregate Top-Heavy Compensation was highest, excluding compensation earned by such Participant:

- (A) after the close of the last Top-Heavy Plan Year; or
  - (B) prior to January 1, 1984, except to the extent that compensation prior to January 1, 1984 is required to be taken into account so that such average is based on a five (5) year period.
- (2) “Top-Heavy Service” means each Year of Service:
- (A) in which ended a Plan Year which was not a Top-Heavy Plan Year; or
  - (B) completed in a Plan Year beginning prior to January 1, 1984.

For Plan Years beginning after December 31, 2001, for purpose of satisfying the minimum benefit requirements of Section 416(c) (1) of the Code and this Plan, in determining Years of Service, any service with Employer shall be disregarded to the extent that such service occurs during a Plan Year when the Plan benefits (within the meaning of Section 410(b) of the Code) no Key Employee or former Key Employee.

(c) In the case of a Participant who is also a Participant in a defined contribution plan maintained by an Employer or an Affiliate, the amount described in Paragraph (a) (2) shall be reduced by the actuarial equivalent, determined as of the date of the Participant’s Retirement Pension Starting Date, of the Participant’s account balance under such defined contribution plan derived from employer contributions (which account balance shall be deemed to include prior withdrawals made by the Participant accumulated at interest to the Participant’s Retirement Pension Starting Date). For purposes of this Subsection (c), actuarial equivalence and the interest rate referred to in the preceding sentence shall be determined using the actuarial assumptions described in Section 1.02.

11.05 (a) For any Top-Heavy Plan Year, each Participant shall be vested in his Accrued Benefit in accordance with the following schedule:

<u>Years of Service</u>	<u>Nonforfeitable Percentage</u>
Fewer than Two Years	0%
Two Years but less than Three Years	20%
Three Years but less than Four Years	40%
Four Years but less than Five Years	60%
Five or more Years	100%

(b) Any portion of a Participant’s Accrued Benefit which has become vested pursuant to Subsection (1) shall remain vested after the Plan has ceased to be a Top-Heavy Plan.

(c) Any Participant who has completed at least five (5) Years of Service prior to the beginning of the Plan Year in which the Plan ceased to be a Top-Heavy Plan shall continue to vest in his Accrued Benefit according to the schedule set forth in Subsection (a) after the Plan has ceased to be a Top-Heavy Plan.

ARTICLE XII

NON-ALIENABILITY

12.01 Except in the case of a qualified domestic relations order described in Section 414(p) of the Code, no benefit under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, charge, encumbrance, garnishment, levy or attachment; and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, charge, encumber, garnish, levy upon or attach the same shall be void; nor shall any such benefit be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of the person entitled thereto.

12.02 If any Participant or Beneficiary under this Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit under this Plan, the Administrative Committee may (but shall not be required to) terminate the payment of such benefit to such Participant or Beneficiary. If payment is thus terminated, the Administrative Committee shall direct the Trustee to hold or apply future payments for the benefit of such Participant, his Beneficiary, his spouse or children or other dependents, or any of them, in such manner and in such proportion as the Administrative Committee may deem proper.

12.03 Notwithstanding anything herein to the contrary, effective August 5, 1997, the provisions of this Article XII shall not apply to any offset of a Participant's benefits provided under the Plan against an amount that the Participant is ordered or required to pay to the Plan under any of the circumstances set forth in Section 401(a)(13)(C) of the Code and Sections 206(d)(4) and 206(d)(5) of ERISA.

ARTICLE XIII

AMENDMENT OF THE PLAN

13.01 The Company shall have the right by action of the Board, at any time and from time to time, to amend in whole or in part any of the provisions of this Plan, and any such amendment shall be binding upon the Participants and their Beneficiaries, the Trustee, the Administrative Committee, any Employer, and all parties in interest; provided, however, that no such amendment shall authorize or permit any of the assets of the Trust Fund to be used for or directed to purposes other than the exclusive benefit of the Participants or their Beneficiaries. Any such amendment shall become effective as of the date specified therein.

13.02 No amendment to the Plan including a change in the actuarial basis for determining optional or early retirement benefits shall be effective to the extent that it has the effect of decreasing a Participant's Accrued Benefit. Notwithstanding the preceding sentence, a Participant's Accrued Benefit may be reduced to the extent permitted under Section 412(c)(8) of the Code. For purposes of this paragraph, a Plan amendment which has the effect of (1) eliminating or reducing an early retirement benefit or a retirement-type subsidy, or (2) eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment shall be treated as reducing accrued benefits. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a participant who satisfies either before or after the amendment the preamendment conditions for the subsidy. In general, a retirement-type subsidy is a subsidy that continues after retirement, but does not include a qualified disability benefit, a medical benefit, a social security supplement, a death benefit (including life insurance). Furthermore, no amendment to the Plan shall have the effect of decreasing a Participant's vested interest determined without regard to such amendment as of the later of the date such amendment is adopted, or becomes effective.

13.03 If at any time the vesting schedule set forth in Section 4.01 is amended, or the Plan is amended in any way that directly or indirectly affects the computation of the Participant's nonforfeitable percentage or if the Plan is deemed amended by an automatic change to or from a top-heavy vesting schedule, each Participant with at least three Years of Service may elect, within a reasonable period after the adoption of the amendment or change, to have the nonforfeitable percentage computed under the Plan without regard to such amendment or change. For Participants who do not have at least one Hour of Service in any Plan Year beginning after December 31, 1988, the preceding sentence shall be applied by substituting "five Years of Service" for "three Years of Service" where such language appears. The period during which the election may be made shall commence with the date the amendment is adopted or deemed to be made and shall end on the latest of:

- (i) 60 days after the amendment is adopted;
- (ii) 60 days after the amendment becomes effective; or
- (iii) 60 days after the Participant is issued written notice of the amendment by the Employer or the Plan Administrator.



ARTICLE XIV

TERMINATION OF THE PLAN

14.01 The Company may, by action of the Board and by appropriate notice to the Trustee, determine that it shall terminate the Plan in its entirety or withdraw from the Plan and terminate the same with respect to itself. The Company may by action of the Board at any time determine that any other Employer shall withdraw from the Plan, and any other Employer by action of its Board of Directors may determine that it shall so withdraw, and upon any such determination, the Plan, in respect of such Employer, shall be terminated.

14.02 Any termination or partial termination shall be effective as of the date specified in the resolution providing therefor, if any, and shall be binding upon the Employer, the Trustee, all Participants and Beneficiaries and all parties in interest.

14.03 Upon termination of the Plan in its entirety, each Participant shall be fully (100%) vested in his Accrued Benefit, determined as of the date of such termination. A Participant's Accrued Benefit shall be payable only from the Trust Fund, except to the extent otherwise provided in Title IV of ERISA.

14.04 In the event of a partial termination of the Plan, within the meaning of Section 411(d)(3)(A) of the Code, each affected Participant shall, insofar as required by applicable law, be fully (100%) vested in his Accrued Benefit, determined as of the date of such partial termination.

14.05 Upon termination of the Plan in its entirety or upon a partial termination of the Plan, the assets comprising the Trust Fund shall be allocated in accordance with the statutory priorities set forth in Section 4044(d)(2) of ERISA and regulations promulgated thereunder. Subject to the limitations imposed by Section 4044(d)(2) of ERISA and Section 14.06, any funds remaining after satisfaction of all liabilities to Plan Participants shall be returned to the Employer.

14.06 (a) As used in this Section 14.06:

(1) "Applicable Early Termination Date" means the tenth (10th) anniversary of the effective date of any increase in benefits under this Plan.

(2) "Predecessor Plan" means any retirement plan which (A) was maintained by a corporation or unincorporated business before it became an Employer and (B) has merged into the Plan.

(3) "Twenty-five Highest Paid Employees" means the twenty-five (25) highest paid Employees on the tenth (10th) anniversary preceding the Applicable Early Termination Date (including any such Employees) who were not then, or were not eligible to become, Participants in the Plan), excluding any Participant whose Retirement Pension will not exceed \$1,500.

of: (4) “Unrestricted Benefits” means benefits in the form provided under this Plan equal to the amount provided by the greatest

(A) employer contributions (or funds attributable thereto) under the Plan or a Predecessor Plan which would have been applied to provide the Participant’s Accrued Benefit if the Plan or such Predecessor Plan, as in effect on the tenth (10th) anniversary preceding the Applicable Early Termination Date, had continued without change;

(B) \$20,000; or

(C) an amount equal to the sum of (A) employer contributions (or funds attributable thereto) which would have been applied to provide the Participant’s Accrued Benefit under the Plan or any Predecessor Plan if the Plan or such Predecessor Plan had terminated on the tenth (10th) anniversary preceding the Applicable Early Termination Date and (B) twenty percent (20%) of the first \$50,000 of the Participant’s average Compensation during the preceding five (5) years, multiplied by the number of years in respect of which the full current costs of the Plan have been met since the tenth (10th) anniversary preceding the Applicable Early Termination Date;

(D) (1) for a Participant who is not a “substantial owner” as defined in Section 4022(b)(5) of ERISA, an amount which equals the present value of the maximum benefit of such Participant described in Section 4022(b)(3)(B) of ERISA, determined on the date the Plan terminates or the Participant’s Retirement Pension Starting Date, whichever is earlier and determined in accordance with regulations of the Pension Benefit Guaranty Corporation (“PBGC”), without regard to any other limitations in Section 4022 of ERISA; or

(2) for a Participant who is a “substantial owner,” as defined in Section 4022(b)(5) of ERISA, the greatest of the amounts in (A), (B), (C) or an amount which equals the present value of the benefit guaranteed upon termination of the Plan for such Participant under Section 4022 of ERISA, or if the Plan has not terminated, the present value of the benefit that would be guaranteed if the Plan terminated on such Participant’s Retirement Pension Starting Date, determined in accordance with regulations of the PBGC.

(b) Subject to the provisions of Section 4044 of ERISA, in the event that:

(1) the Plan is terminated in respect of an Employer at any time prior to the Applicable Early Termination Date; or

(2) the benefits of any Participant became payable (A) at any time prior to the Applicable Early Termination Date or (B) subsequent to the Applicable Early Termination Date but before the full current costs of the Plan for the period prior to the Applicable Early Termination Date have been funded, the benefits (as defined in Treasury Regulation 1.401-4(c)(2)(vi)(a)) which any of the Twenty-Five Highest Paid Employees may receive (including any Unrestricted Benefits) shall not exceed his Unrestricted Benefits at any time.

In the case of a Participant described in Subparagraph (2) (B), if on the Applicable Early Termination Date the full current costs are not met, the restrictions contained in this Section 14.06 shall continue in force until the full current costs are funded for the first time.

(c) The provisions of this Section 14.06 shall not restrict the current payment of full retirement benefits called for by this Plan to any Retired Participant or his Beneficiary while the Plan is in full effect and its full current costs have been met.

(d) If any funds are released by operation of the provisions of this Section 14.06, they shall be applied solely for the benefit of Participants and Beneficiaries other than the Twenty-five Highest Paid Employees or, if not required for the funding of benefits for such Participants and Beneficiaries, shall revert to the appropriate Employer.

(e) The restrictions contained in SubSection (b) may be exceeded for the purpose of making current Retirement Pension payments to a Retired Participant who would otherwise be subject to such restrictions if:

(1) such Retirement Pension is in the form described in Section 1.41 or 3.02, whichever is applicable, or under an Option which does not provide level pension benefits greater than those provided by the form described in Section 1.41;

(2) the Retirement Pension thus provided is supplemented, to the extent necessary to provide the full Retirement Pension in the form provided in Section 1.41 or 3.02, by current payments to such Retired Participant as installments of such Retirement Pension come due; and

(3) such supplemental payments are made at any time only if (A) the full current costs of the Plan have then been funded or (B) the aggregate of such supplemental payments for all such Retired Participants for the current year does not exceed the aggregate of the Employer contributions already made in respect of such year.

(f) If there shall be more than one Employer, the provisions of this Section 14.06 shall be applied separately in respect of each such Employer.

(g) A Participant who is one of the Twenty-five Highest Paid Employees may elect to receive his benefits under this Plan in the form of a lump sum distribution only if he agrees to deposit with an acceptable depository property having a market value equal to one hundred twenty-five percent (125%) of the difference between the amount of such distribution and the Actuarial Equivalent of his Unrestricted Benefits as security for his repayment of any benefits paid to him in excess of the maximum permitted by this Section 14.06. Additional deposits of security, in the amount necessary to increase the fair market value of such security to one hundred twenty-five percent (125%) of the difference between the amount of the distribution and the actuarial Equivalent of his Unrestricted Benefits shall be made whenever the fair market value of such security is less than one hundred ten percent (110%) of such difference.

14.07 If the Plan shall merge or consolidate with, or transfer its assets or liabilities to, any other “pension plan”, as defined in Section 3(2) of ERISA, each Participant shall be entitled to receive a benefit immediately after such merger, consolidation or transfer (assuming that the Plan had then terminated) which is equal to or greater than the benefit which he would have been entitled to receive immediately before such merger, consolidation or transfer (assuming that the Plan had then terminated).

ARTICLE XV

TRUST AND ADMINISTRATION

15.01 The assets of the Trust Fund shall be held by the Trustees, who shall consist of not fewer than two (2) individuals, or a bank or trust company appointed by the Board. The Trustees shall hold office until their or its successors have been duly appointed or until death, resignation or removal.

15.02 Reserved.

15.03 The investment of the assets of the Plan shall be managed, except to the extent that such responsibility has been allocated or delegated, by the Trustee.

15.04 The Trustees shall act unanimously; provided, however, that if at any time there are more than two (2) Trustees acting hereunder, they shall act by majority vote and may act either by vote at a meeting or in writing without a meeting. Notwithstanding the foregoing:

(a) checks and other instruments for the payment of money and instruments relating to the purchase, sale or other disposition of securities or other property held in the Trust and checks and other instruments in payment of distributions to Members and Beneficiaries or in payment of proper expenses under the Plan may be signed by any one Trustee or by any person or persons authorized by unanimous action of all the Trustees then acting hereunder with the same force and effect as if signed by all Trustees; and

(b) the Trustees may, by written authorization, empower one of them individually to execute any other document or documents on behalf of the Trustees, such authorization to remain in effect until revoked by any Trustee.

15.05 The Trustees may appoint such independent accountants, enrolled actuaries, legal counsel, investment advisors and other agents or specialists as they deem necessary or desirable in connection with the performance of their duties hereunder. The Trustees shall be entitled to rely conclusively upon, and shall be fully protected in any action taken by them in good faith in relying upon, any opinions or reports which are furnished to them by any such independent accountant, enrolled actuary, legal counsel, investment advisor or other specialist.

15.06 The Trustees shall serve without compensation for services as such. All expenses of the Trust shall be paid by the Trust unless paid by Employers. Such expenses shall include any expenses incidental to the operation of the Trust, including, but not limited to, fees of independent accountants, enrolled actuaries, legal counsel, investment advisors and other agents or specialists and similar costs.

15.07 The Trustees shall discharge their duties with respect to the Plan solely in the interests of the Participants and their Beneficiaries; and

(a) for the exclusive purpose of providing benefits to Participants and the Beneficiaries and defraying reasonable expenses of administering the Plan;

(b) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man, acting in like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims;

(c) by diversifying the investments of the Trust Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(d) in accordance with the documents and instruments governing the Plan, insofar as such documents and instruments are consistent with the provisions of ERISA.

15.08 (a) The Company is hereby designated as “named fiduciary” within the meaning of Section 402(a) of ERISA, with respect to the investment of the assets of the Plan and shall, except to the extent provided below, direct the investment of such assets and possess all powers which may be necessary to carry out such duty.

(b) At the direction of the Investment Committee, the Trustees may appoint an investment manager, as defined in Section 3(38) of ERISA, in which case, unless otherwise provided by ERISA, no Trustee shall be liable for the acts or omissions of such investment manager or be under any obligation to invest or otherwise manage any asset of the Trust Fund which is subject to the management of such manager.

(c) (1) The Administrative Committee and the Trustees may establish procedures for (A) the allocation of fiduciary responsibilities (other than “trustee responsibilities” as defined in Section 405(c)(3) of ERISA under the Plan among themselves, and (B) the designation of persons other than names fiduciaries to carry out fiduciary responsibilities (other than trustee responsibilities) under the Plan.

(2) If any fiduciary responsibility is allocated or if any person is designated to carry out any responsibility pursuant to Paragraph (1), no named fiduciary shall be liable for any act or omission of such person in carrying out such responsibility, except as provided in Section 405(c)(2) of ERISA.

15.09 The Trustees shall receive any contributions paid to them in cash and shall establish the Trust Fund hereunder. The Trust Fund shall be held, managed and administered in accordance with the terms of this Plan. A transaction between the Plan and a common or collective trust fund or pooled investment fund maintained by a party in interest which is a bank or trust company supervised by a State or Federal agency, or a pooled investment fund of an insurance company qualified to do business in a State, and listed on Appendix B as amended from time to time shall be permitted in accordance with ERISA Section 408(b)(8) if the transaction is a sale or purchase of an interest in the fund, and the bank, trust company, or insurance company receives not more than reasonable compensation.

15.10 The Trustees shall invest and reinvest the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, in such securities or other property, real or personal, foreign or domestic, wherever situated, as the Trustees shall deem advisable, including, but not limited to, the general account or a separate account of an insurance company licensed to do business in the State of New York, shares in a regulated investment company or plans for the accumulation of such shares, common or preferred stocks, bonds and mortgages, and other evidences of ownership or indebtedness. In making such investments, the Trustee shall not be restricted to securities or other property of the character authorized or required by applicable law for trust investments.

15.11 The Trustees shall have the following powers and authority in the investment of the assets of the Trust Fund:

(a) to purchase, or subscribe for, any securities (including shares in a regulated investment company or plans for the accumulation of such shares) or other property and to retain the same in trust, the Trustees being specifically authorized to limit investment, in their own discretion, to shares of regulated investment companies or to plans for the accumulation of such shares;

(b) to sell, exchange, convey, transfer or otherwise dispose of, by private contract or at public auction, any securities or other property held by them; and no person dealing with the Trustees shall be bound to see to the application of the purchase money or to inquire into the validity, expediency or propriety of any such sale or other disposition;

(c) to vote any stocks, bonds or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options and to make any payments incidental thereto; to oppose, consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporation securities; to pay any assessments or charges in connection with any security; to delegate any discretionary powers; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities or other property held as part of the Trust Fund;

(d) to cause any securities or other property held as part of the Trust Fund to be registered in their own names or in the name of one or more nominees, and to hold any investments in bearer form, but the books and records of the Trustees shall at all times show that all such investments are part of the Trust Fund;

(e) to borrow or raise money for the purposes of the Plan in such amount and upon such terms and conditions as the Trustee shall deem advisable; and for any sum so borrowed, to issue their promissory note as Trustees and to secure the repayment thereof by pledging all, or any part, of the Trust Fund; and no person lending money to the Trustees shall be bound to see to the application of the money lent or to inquire into the validity, expediency or propriety of any such borrowing;

(f) to keep such portion of the Trust Fund in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the Plan, without liability for interest thereon;

(g) to accept and retain for such time as may seem advisable any securities or other property received or acquired by them as Trustees hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;

(h) to sell call options on any national securities exchange with respect to securities held in the Trust Fund, and to purchase call options for the purpose of closing out previous sales of call option;

(i) to appoint a bank or trust company as corporate Trustee, and to enter into and execute an agreement with any such corporate Trustee to provide for the investment and reinvestment of assets of the Trust Fund.

15.12 The Trustees, at the direction of the Administrative Committee, shall from time to time make payments out of the Trust Fund in accordance with the provisions of the Plan in such manner, in such amounts and for such purposes as they may determine, and when any such payment has been made, the amount thereof shall no longer constitute a part of the Trust Fund.

15.13 (a) The Trustees shall keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions hereunder.

(b) Within two hundred ten (210) days following the close of each Plan Year, the Trustees shall file with the Company a written account setting forth all investments, receipts, disbursements and other transactions effected by them during such Plan Year. Except as provided to the contrary by Section 413(a) of ERISA, upon the expiration of ninety (90) days from the date of filing of such account, the Trustees shall be forever released and discharged from all liability and accountability to anyone with respect to the propriety of their acts and transactions shown in such account, except with respect to any such acts or transactions as to which the Company shall file with the Trustees written objections within such ninety (90) day period.

(c) The filing by the Trustees with the Company of an annual report in accordance with Section 103 of ERISA shall constitute the filing of an account within the meaning of this Section 15.13.

15.14 Any Trustee may be removed by the Company at any time. A Trustee may resign at any time upon thirty (30) days' notice in writing to the Company, which notice may be waived by the Company. Upon such removal or resignation of a Trustee, or upon the death or disability of a Trustee, the Company may, or in the event there is no then acting Trustee, shall appoint a successor Trustee, who shall have the same powers and duties as those conferred upon the Trustees hereunder. The Company may at any time appoint one or more additional Trustees, who shall have the same powers and duties as those conferred upon the Trustees hereunder.

15.15 In any case in which any person is required or permitted to make an election under this Plan, such election shall be made in writing and filed with the Administrative Committee on the form provided by them or made in such other manner as the Administrative Committee may direct.



CLAIM AND APPEAL PROCEDURE

16.01 (a) Initial Claim

(i) Any claim by an Employee, Participant or Beneficiary “Claimant”) with respect to eligibility, participation, contributions, benefits or other aspects of the operation of the Plan shall be made in writing to the Committee for such purpose. The Committee shall provide the Claimant with the necessary forms and make all determinations as to the right of any person to a disputed benefit. If a Claimant is denied benefits under the Plan, the Committee or its designee shall notify the Claimant in writing of the denial of the claim within ninety (90) days (or within forty-five (45) days if the claim involves a determination of a claim for disability benefits) after the Committee receives the claim, provided that in the event of special circumstances such period may be extended.

(ii) In the event of special circumstances, the maximum period in which a claim must be determined may be extended as follows:

(A) With respect to any claim, other than a claim that involves a determination of a claim for disability benefits, the ninety (90) day period may be extended for a period of up to ninety (90) days (for a total of one hundred eighty (180) days). If the initial ninety (90) day period is extended, the Committee or its designee shall notify the Claimant in writing within ninety (90) days of receipt of the claim. The written notice of extension shall indicate the special circumstances requiring the extension of time and provide the date by which the Committee expects to make a determination with respect to the claim. If the extension is required due to the Claimant’s failure to submit information necessary to decide the claim, the period for making the determination shall be tolled from the date on which the extension notice is sent to the Claimant until the earlier of (i) the date on which the Claimant responds to the Committee’s request for information, or (ii) expiration of the forty-five (45) day period commencing on the date that the Claimant is notified that the requested additional information must be provided.

(B) With respect to a claim that involves a determination of a claim for disability benefits, the forty-five (45) day period may be extended as follows:

(I) Initially, the forty-five (45) day period may be extended for a period to up to an additional thirty (30) days (the “Initial Disability Extension Period”), provided that the Committee determines that such an extension is necessary due to matters beyond the control of the Plan and, within forty-five (45) days of receipt of the claim, the Committee or its designee notifies the Claimant in writing of such extension, the special circumstances requiring the extension of time, the date by which the Committee expects to make a determination with respect to the claim and such information as required under clause (III) below.

(II) Following the Initial Disability Extension Period the period for determining the Claimant's claim may be extended for a period of up to an additional thirty (30) days, provided that the Committee determines that such an extension is necessary due to matters beyond the control of the Plan and within the Initial Disability Extension Period, notifies the Claimant in writing of such additional extension, the special circumstances requiring the extension of time, the date by which the Committee expects to make a determination with respect to the claim and such information as required under clause (III) below.

(III) Any notice of extension pursuant to this Paragraph (B) shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the Claimant shall be afforded forty-five (45) days within which to provide the specified information.

(IV) If an extension is required due to the Claimant's failure to submit information necessary to decide the claim, the period for making the determination shall be tolled from the date on which the extension notice is sent to the Claimant until the earlier of (i) the date on which the Claimant responds to the Committee's request for information, or (ii) expiration of the forty-five (45) day period commencing on the date that the Claimant is notified that the requested additional information must be provided.

(iii) If notice of the denial of a claim is not furnished within the required time period described herein, the claim shall be deemed denied as of the last day of such period.

(iv) If a claim is wholly or partially denied, the notice to the Claimant shall set forth:

(A) The specific reason or reasons for the denial;

- (B) Specific reference to pertinent Plan provisions upon which the denial is based;
- (C) A description of any additional material or information necessary for the Claimant to complete the claim request and an explanation of why such material or information is necessary;
- (D) Appropriate information as to the steps to be taken and the applicable time limits if the Claimant wishes to submit the adverse determination for review; and
- (E) A statement of the Claimant's right to bring a civil action under Section 502 of ERISA following an adverse determination on review.

(b) Claim Denial Review.

(i) If a claim has been wholly or partially denied, the Claimant may submit the claim for review by the Committee. Any request for review of a claim must be made in writing to the Committee no later than sixty (60) days (or within one hundred and eighty (180) days if the claim involves a determination of a claim for disability benefits) after the Claimant receives notification of denial or, if no notification was provided, the date the claim is deemed denied.

The Claimant or his duly authorized representative may:

(A) Upon request and free of charge, be provided with reasonable access to, and copies of, relevant documents, records, and other information relevant to the Claimant's claim; and

(B) Submit written comments, documents, records, and other information relating to the claim. The review of the claim determination shall take into account all comments, documents, records, and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial claim determination.

(ii) The decision of the Committee upon review shall be made within sixty (60) days (or within forty-five (45) days if the claim involves a determination of a claim for disability benefits) after receipt of the Claimant's request for review, unless special circumstances (including, without limitation, the need to hold a hearing) require an extension. In the event of special circumstances, the maximum period in which a claim must be determined may be extended as follows:

(A) With respect to any claim, other than a claim that involves a determination of a claim for disability benefits, the sixty (60) day period may be extended for a period of up to one hundred twenty (120) days.

(B) With respect to a claim that involves a determination of a claim for disability benefits, the forty-five (45) day period may be extended for a period of up to forty-five (45) days.

If the sixty (60) day period (or forty-five (45) day period where the claim involves a determination of a claim for disability benefits) is extended, the Committee or its designee shall, within sixty (60) days (or within forty-five (45) days if the claim involves a determination of a claim for disability benefits) of receipt of the claim for review, notify the Claimant in writing. The written notice of extension shall indicate the special circumstances requiring the extension of time and provide the date by which the Committee expects to make a determination with respect to the claim upon review. If the extension is required due to the Claimant's failure to submit information necessary to decide the claim, the period for making the determination shall be tolled from the date on which the extension notice is sent to the Claimant until the earlier of (i) the date on which the Claimant responds to the Committee's request for information, or (ii) expiration of the forty-five (45) day period commencing on the date that the Claimant is notified that the requested additional information must be provided.

(iii) If notice of the decision upon review is not furnished within the required time period described herein, the claim on review shall be deemed denied as of the last day of such period.

(iv) The Committee, in its sole discretion, may hold a hearing regarding the claim and request that the Claimant attend. If a hearing is held, the Claimant shall be entitled to be represented by counsel.

(v) The Committee's decision upon review on the Claimant's claim shall be communicated to the Claimant in writing. If the claim upon review is denied, the notice to the Claimant shall set forth:

(A) The specific reason or reasons for the decision, with references to the specific Plan provisions on which the determination is based;

(B) A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim; and

(C) A statement of the Claimant's right to bring a civil action under Section 502 of ERISA.

(vi) Any review of a claim involving a determination of a claim for disability benefits shall not afford deference to the initial adverse benefit determination and shall not be determined by any individual who made the initial adverse benefit determination or a subordinate of such individual. In deciding a review of any adverse benefit determination that is based in whole or in part on a medical judgment, including determinations with regard to whether a particular treatment, drug, or other item is experimental, investigational, or not medically necessary or appropriate, the Committee shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment.

(c) All interpretations, determinations and decisions of the Committee with respect to any claim, including without limitation the appeal of any claim, shall be made by the Committee, in its sole discretion, based on the Plan and comments, documents, records, and other information presented to it, and shall be final, conclusive and binding.

(d) The claims procedures set forth in this Section are intended to comply with United States Department of Labor Regulation § 2560.503-1 and should be construed in accordance with such regulation. In no event shall it be interpreted as expanding the rights of Claimants beyond what is required by United States Department of Labor Regulation § 2560.503-1.

ARTICLE XVII

MISCELLANEOUS

17.01 If any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of this Plan, but such illegal or invalid provision shall be deemed modified to the extent necessary to conform to applicable law and carry out the purposes of this Plan, or, if such modification is impossible, the Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

17.02 This Plan shall be governed, construed, administered and regulated in all respects under the laws of the State of New York, except insofar as they have been superseded by the provisions of ERISA.

17.03 Wherever any words are used herein in the masculine gender, they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and vice versa, and wherever any words are used herein in the singular form, they shall be construed as though they were also used in the plural form in all cases where they would so apply, and vice versa.

17.04 The adoption and maintenance of this Plan shall not be deemed to constitute a contract between any Employer and any person or to be a consideration for the employment of any person. Nothing contained herein shall be deemed to give any person the right to be retained in the employ of any Employer or to derogate from the right of any Employer or discharge any person at any time without regard to the effect of such discharge upon the rights of such person as a Participant in this Plan.

17.05 Except as otherwise provided by ERISA, no liability shall attach to any Employer for payment of any benefits or claims hereunder, and all participants and Beneficiaries, and all persons claiming under or through them, shall have recourse only to the Trust Fund for payment of any benefit hereunder.

17.06 Nothing in this Plan, express or implied, is intended, or shall be construed, to confer upon or give to any person, firm, association or corporation, other than the parties hereto and their successors in interest, any right, remedy or claim under or by reason of this Plan or any covenants, condition or stipulation hereof, and all covenants, conditions and stipulations in this plan, by or on behalf of any party, shall be for the sole and exclusive benefit of the parties hereto.

(a) Any contribution to the Plan made by an Employer by a mistake in fact may be returned to such Employer at the direction of the Trustee within one (1) year after the date of the payment of such contribution.

(b) Each contribution made to this Plan by an Employer is conditioned upon its deductibility under Section 404 of the Code. If the deduction is disallowed, such contribution shall, to the extent disallowed as a deduction, be returned to such Employer within one (1) year following the date of disallowance.

(c) This Plan is established for the exclusive benefit of the Participants herein and their Beneficiaries. Except as provided in Section 14.05 and this Section 17.06, it shall be impossible for any assets of the Trust to revert to any Employer prior to the satisfaction of all liabilities hereunder with respect to all Participants and their Beneficiaries.

ARTICLE XVIII

ADMINISTRATION OF THE PLAN

18.01 Administrative Committee. There is hereby created an Administrative Committee for the Plan. The general administration of the Plan on behalf of the Plan Administrator shall be placed in the Administrative Committee.

18.02 Investment Committee. There is hereby created an Investment Committee for the Plan.

18.03 Payment of Benefits (Administrative Committee). The Administrative Committee shall advise the Trustee in writing with respect to all benefits which become payable under the terms of the Plan and shall direct the Trustee to pay such benefits on order of the Administrative Committee. In the event that the Trust Fund shall be invested in whole or in part in one or more insurance contracts, the Administrative Committee shall be authorized to give to any insurance company issuing such a contract such instructions as may be necessary or appropriate in order to provide for the payment of benefits in accordance with the Plan.

18.04 Powers and Authority; Action Conclusive (Administrative Committee). Except as otherwise expressly provided in the Plan or in the Trust Agreement, or by the Investment Committee, the Administrative Committee shall have the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply and interpret the Plan, Trust Agreement and any other Plan documents and to decide all matters arising in connection with the operation or administration of the Plan and the Trust. Subject to the immediately preceding sentence, the Administrative Committee shall have all powers necessary or helpful for the carrying out of its responsibilities, and the decisions or action of the Administrative Committee in good faith in respect of any matter hereunder shall be conclusive and binding upon all parties concerned.

Without limiting the generality of the foregoing, the Administrative Committee has the complete authority, in its sole and absolute discretion, to:

- (a) Determine all questions arising out of or in connection with the interpretation of the terms and provisions of the Plan except as otherwise expressly provided herein;
- (b) Make rules and regulations for the administration of the Plan which are not inconsistent with the terms and provisions of the Plan, and fix the annual accounting period of the trust established under the Trust Agreement as required for tax purposes;
- (c) Construe all terms, provisions, conditions of and limitations to the Plan;
- (d) Determine all questions relating to (A) the eligibility of persons to receive benefits hereunder, (B) the periods of service, including Hours of Service, Credited Service and Years of Service, and the amount of Compensation of a Participant during any period hereunder, and (C) all other matters upon which the benefits or other rights of a Participant or other person shall be based hereunder; and



(e) Determine all questions relating to the administration of the Plan (A) when disputes arise between the Employer and a Participant or his Beneficiary, Spouse or legal representatives, and (B) whenever the Administrative Committee deems it advisable to determine such questions in order to promote the uniform administration of the Plan.

The Administrative Committee may recoup on behalf of the Plan any payment made in error by the Plan to any person, and any such amount will be returned to the Plan.

All determinations made by the Administrative Committee with respect to any matter arising under the Plan Trust Agreement and any other Plan documents shall be final and binding on all parties. The foregoing list of powers is not intended to be either complete or exclusive and the Administrative Committee shall, in addition, have such powers as the Plan Administrator deems appropriate and delegates to it and such powers as may be necessary for the performance of its duties under the Plan and the Trust Agreement.

18.05 Reliance on Information (Administrative Committee). The members of the Administrative Committee and any Employer or affiliate thereof (including the Company) and its officers, directors and employees shall be entitled to rely upon all tables, valuations, certificates, opinions and reports furnished by any accountant, trustee, insurance company, counsel or other expert who shall be engaged by the Company or an affiliate thereof or the Committee, and the members of the Committee and any Employer or affiliate thereof (including the Company) and its officers, directors and employees shall be fully protected in respect of any action taken or suffered by them in good faith in reliance thereon, and all action so taken or suffered shall be conclusive upon all persons affected thereby.

18.06 Actions to be Uniform; Regular Personnel Policies to be Followed. Any discretionary actions to be taken under this Plan by the Administrative Committee or Investment Committee with respect to the classification of the Employees, contributions, or benefits shall be uniform in their nature and applicable to all Employees similarly situated. With respect to service with the Employer, leaves of absence and other similar matters, the Committee shall administer the Plan in accordance with the Employer's regular personnel policies at the time in effect.

18.07 Fiduciaries. Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan. Any Named Fiduciary under the Plan, and any fiduciary designated by a Named Fiduciary to whom such power is granted by a Named Fiduciary under the Plan, may employ one or more persons to render advice with regard to any responsibility such fiduciary has under the Plan.

18.08 Plan Administrator. The Company shall be the administrator of the Plan, as defined in Section 3(16)(A) of ERISA and shall be responsible for the preparation and filing of any required returns, reports, statements or other filings with appropriate governmental agencies. The Company or its authorized designee shall also be responsible for the preparation and delivery of information to persons entitled to such information under any applicable law.

18.09 Notices and Elections (Administrative Committee). A Participant shall deliver to the Administrative Committee all directions, orders, designations, notices or other communications on appropriate forms to be furnished by the Administrative Committee. The Administrative Committee shall also receive notices or other communications directed to Participants from the Trustee and transmit them to the Participants. All elections which may be made by a Participant under this Plan shall be made in a time, manner and form determined by the Administrative Committee unless a specific time, manner or form is set forth in the Plan.

18.10 Misrepresentation of Age. In making a determination or calculation based upon a Participant's age, the Administrative Committee shall be entitled to rely upon any information furnished by the Participant. If a Participant misrepresents the Participant's age, and the misrepresentation is relied upon by a Member Company, an affiliate thereof (including the Company) or the Administrative Committee, the Administrative Committee will adjust the Participant's Accrued Benefit to conform to the Participant's actual age and offset future monthly payments to recoup any overpayments caused by the Participant's misrepresentation.

18.11 Decisions of Administrative Committee are Binding. The decisions of the Administrative Committee with respect to any matter it is empowered to act on shall be made in the Administrative Committee's sole discretion and shall be final, conclusive and binding on all persons, based on the Plan documents. In carrying out its functions under the Plan, the Administrative Committee shall endeavor to act by general rules so as to administer the Plan in a uniform and nondiscriminatory manner as to all persons similarly situated.

18.12 Spouse's Consent. In addition to when such consent is expressly required by the terms of this Plan, the Committee may in its sole discretion also require the written consent of the Employee's Spouse to any other election or revocation of election made under this Plan before such election or revocation shall be effective.

18.13 Accounts and Records. The Administrative Committee and Investment Committee shall maintain such accounts and records regarding the fiscal and other transactions of the Plan and such other data as may be required to carry out its functions under the Plan and to comply with all applicable laws. The Administrative Committee shall report annually to the Board on the performance of its responsibilities and on the performance of any trustee or other persons to whom any of its powers and responsibilities may have been delegated and on the administrative operation of the Plan for the preceding year. The Investment Committee shall report annually to the Board on the performance of its responsibilities and on the performance of any trustee, investment manager, insurance carrier or persons to whom any of its powers and responsibilities may have been delegated and on the financial condition of the Plan for the preceding year.

18.14 Forms. To the extent that the form or method prescribed by the Administrative Committee to be used in the operation and administration of the Plan does not conflict with the terms and provisions of the Plan, such form shall be evidence of (a) the Administrative Committee's interpretation, construction and administration of this Plan and (b) decisions or rules made by the Administrative Committee pursuant to the authority granted to the Committee under the Plan.

18.15 Liability and Indemnification. The functions of the Trustees, Administrative Committee, the Investment Committee, the Board, and the Employer under the Plan are fiduciary in nature and each shall be carried out solely in the interest of the Participants and other persons entitled to benefits under the Plan for the exclusive purpose of providing the benefits under the Plan (and for the defraying of reasonable expenses of administering the Plan). The Administrative Committee, the Investment Committee, the Board, and the Employer shall carry out their respective functions in accordance with the terms of the Plan with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. No member of the Administrative Committee or Investment Committee and no officer, director, or employee of the Employer shall be liable for any action or inaction with respect to his functions under the Plan unless such action or inaction is adjudicated to be a breach of the fiduciary standard of conduct set forth above.

The Company shall indemnify and hold harmless any person who, by virtue of membership on the Board, Administrative Committee, Investment Committee or any other committee or by virtue of such person's status as a director, officer or employee of the Employer, is deemed or held to be a fiduciary of the Plan within the meaning of the Act, to the extent not covered by the Company's insurance, against any and all claims, loss, damages, expenses, including legal fees and other expenses of litigation and liability arising from any action or failure to act, provided that such act or failure to act is not judicially determined to be due to the gross negligence or willful misconduct of such person, except that the Company may, in its sole discretion, elect not to enforce this provision in a case of gross negligence or willful misconduct. Further, no member of the Administrative Committee or Investment Committee shall be personally liable merely by virtue of any instrument executed by him or on his behalf as a member of the Administrative Committee or Investment Committee. The Company may secure and maintain in full force and effect such insurance as may be reasonably available on behalf of the persons described in this section, to cover liability or losses from which the Company is obligated to indemnify such persons. The amount and conditions of such insurance shall be determined by the Company in its sole discretion.

**REQUIRED MINIMUM DISTRIBUTION RULES**Section 1. *General Rules*

1.1. *Effective Date.* The provisions of this Appendix will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

1.2. *Scope.* This Appendix A describes the required distribution rules for Participants who have reached their Required Beginning Date, as those terms are defined in the Plan, as well as the incidental death benefit requirements. The terms of this Appendix A shall apply solely to the extent required under Code Section 401(a)(9) and shall be null and void to the extent that they are not required under Section 401(a)(9) of the Code. This Appendix A is not intended to defer the timing of a distribution beyond the date otherwise required under the Plan or to create any benefits (including but not limited to death benefits) or distribution forms that are not otherwise offered under the Plan. Any capitalized terms not otherwise defined in this Appendix A have the meaning given those terms in the Plan.

1.3. *Precedence.* The requirements of this Appendix A will take precedence over any inconsistent provisions of the Plan.

1.4. *Requirements of Treasury Regulations Incorporated.* All distributions required under this Appendix A will be determined and made in accordance with the Treasury Regulations under Section 401(a)(9) of the Internal Revenue Code.

1.5. *TEFRA Section 242(b)(2) Elections.* Notwithstanding the other provisions of this Appendix A, other than Section 1.4, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and any provisions of the Plan that relate to Section 242(b)(2) of TEFRA.

Section 2. *Time and Manner of Distribution.*

2.1. *Required Beginning Date.* The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.

2.2. *Death of Participant Before Distributions Begin.* If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) If the Participant's surviving Spouse is the Participant's sole designated beneficiary, then distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later.

(b) If the Participant's surviving Spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) If the Participant's surviving Spouse is the Participant's sole designated beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this Section 2.2, other than Section 2.2(a), will apply as if the surviving Spouse were the Participant.

For purposes of this Section 2.2 and Section 5, distributions are considered to begin on the Participant's Required Beginning Date (or, if Section 2.2(d) applies, the date distributions are required to begin to the surviving Spouse under Section 2.2(a)). If annuity payments irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving Spouse before the date distributions are required to begin to the surviving Spouse under Section 2.2(a)), the date distributions are considered to begin is the date distributions actually commence.

2.3. *Form of Distribution.* Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first distribution calendar year distributions will be made in accordance with Sections 3, 4 and 5 of this Appendix A. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and the Treasury Regulations. Any part of the Participant's interest which is in the form of an individual account described in Section 414(k) of the Code will be distributed in a manner satisfying the requirements of Section 401(a)(9) of the Code and the Treasury Regulations that apply to individual accounts.

### Section 3. *Determination of Amount to be Distributed Each Year.*

3.1. *General Annuity Requirements.* If the Participant's interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

- (a) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;
- (b) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section 4 or 5;
- (c) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;
- (d) payments will either be nonincreasing or increase only as follows:

(1) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

(2) to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the Beneficiary whose life was being used to determine the distribution period described in Section 4 dies or is no longer the Participant's Beneficiary pursuant to a qualified domestic relations order within the meaning of Section 414(p);

(3) to provide cash refunds of employee contributions upon the Participant's death; or

(4) to pay increased benefits that result from a plan amendment.

3.2. *Amount Required to be Distributed by Required Beginning Date.* The amount that must be distributed on or before the Participant's Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under Section 2.2(a) or (b)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's Required Beginning Date.

3.3. *Additional Accruals After First Distribution Calendar Year.* Any additional benefits accruing to the Participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

#### Section 4. *Requirements For Annuity Distributions That Commence During Participant's Lifetime.*

4.1. *Joint Life Annuities Where the Beneficiary Is Not the Participant's Spouse.* If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a nonspouse Beneficiary, annuity payments to be made on or after the Participant's Required Beginning Date to the designated beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Q&A-2 of Section 1.401(a)(9)-6T of the Treasury Regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the Participant and a nonspouse Beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

4.2. *Period Certain Annuities.* Unless the Participant's Spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the annuity starting date. If the Participant's Spouse is the Participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this Section 4.2, or the joint life and last survivor expectancy of the Participant and the Participant's Spouse as determined under the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the calendar year that contains the annuity starting date.

Section 5. *Requirements For Minimum Distributions Where Participant Dies Before Date Distributions Begin.*

5.1. *Participant Survived by Designated Beneficiary.* If the Participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the Participant's entire interest will be distributed, beginning no later than the time described in Section 2.2(a) or (b), over the life of the designated beneficiary or over a period certain not exceeding:

(a) unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(b) if the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year that contains the annuity starting date.

5.2. *No Designated Beneficiary.* If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

5.3. *Death of Surviving Spouse Before Distributions to Surviving Spouse Begin.* If the Participant dies before the date distribution of his or her interest begins, the Participant's surviving Spouse is the Participant's sole designated beneficiary, and the surviving Spouse dies before distributions to the surviving Spouse begin, this Section 5 will apply as if the surviving Spouse were the Participant, except that the time by which distributions must begin will be determined without regard to Section 2.2(a).

Section 6. *Definitions.*

6.1. *Designated beneficiary.* The individual who is designated as the Beneficiary under Section 1.09 of the Plan and is the designated beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-4, Q&A-1, of the Treasury Regulations.

6.2. *Distribution calendar year.* A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section 2.2.

6.3. *Life expectancy.* Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury Regulations.

6.4. *Required Beginning Date.* The date specified in Section 1.43 of the Plan.



COMMON OR COLLECTIVE TRUST FUNDS OR  
POOLED INVESTMENT FUNDS

Bernstein Global Style Blend Series  
Alliance Institutional Enhanced Sector Rotation Fund

Appendix B-1

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November 2, 2007

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Registration Statements on Form S-3 (No. 333-64886) and on Form S-8 (No. 333-47192).

Commissioners:

We are aware that our reports dated November 2, 2007 on our review of interim financial information of AllianceBernstein L.P. (the "Company") for the three-month and nine-month periods ended September 30, 2007 and 2006 and included in the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2007 are incorporated by reference in its Registration Statements referred to above.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

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New York, New York

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I, Lewis A. Sanders, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AllianceBernstein L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities Exchange Act of 1934, as amended ("Exchange Act"), Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2007

/s/ Lewis A. Sanders

Lewis A. Sanders  
Chief Executive Officer  
AllianceBernstein L.P.

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I, Robert H. Joseph, Jr., Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AllianceBernstein L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities Exchange Act of 1934, as amended ("Exchange Act"), Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2007

/s/ Robert H. Joseph, Jr.  
Robert H. Joseph, Jr.  
Chief Financial Officer  
AllianceBernstein L.P.

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of AllianceBernstein L.P. (the "Company") on Form 10-Q for the period ending September 30, 2007 to be filed with the Securities and Exchange Commission on or about November 8, 2007 (the "Report"), I, Lewis A. Sanders, Chief Executive Officer of the Company, certify, for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Exchange Act; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2007

/s/ Lewis A. Sanders

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Lewis A. Sanders  
Chief Executive Officer  
AllianceBernstein L.P.

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of AllianceBernstein L.P. (the "Company") on Form 10-Q for the period ending September 30, 2007 to be filed with the Securities and Exchange Commission on or about November 8, 2007 (the "Report"), I, Robert H. Joseph, Jr., Chief Financial Officer of the Company, certify, for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Exchange Act; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2007

/s/ Robert H. Joseph, Jr.

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Robert H. Joseph, Jr.  
Chief Financial Officer  
AllianceBernstein L.P.

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