

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ended June 30, 1994

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. 1-9818

ALLIANCE CAPITAL MANAGEMENT L.P.

(Exact name of registrant as specified in its charter)

DELAWARE

13-3434400

(State or other jurisdiction of
incorporation or organization)

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

1345 AVENUE OF THE AMERICAS, NEW YORK, 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

The number of Units representing assignments of beneficial ownership of Limited Partnership Interests outstanding as of June 30, 1994 was 73,002,660 Units.

ALLIANCE CAPITAL MANAGEMENT L.P.

INDEX TO FORM 10-Q

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PART I
FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

ALLIANCE CAPITAL MANAGEMENT L.P.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(UNAUDITED)
(IN THOUSANDS)

ASSETS	6/30/94	12/31/93
	-----	-----
Cash and cash equivalents.....	\$ 86,089	\$ 96,315
Fees receivable:		
Alliance mutual funds.....	25,227	29,594
Other affiliated clients.....	9,361	17,262
Institutional clients.....	41,052	40,685
Receivable from brokers and dealers for sale of shares of Alliance mutual funds.....	37,760	103,921
Other receivables.....	5,948	4,894
Investments in Alliance mutual funds.....	41,341	56,552
Other investments.....	4,949	4,966
Furniture, equipment and leasehold improvements, net.....	35,380	28,767
Intangible assets, net.....	97,276	30,707
Deferred sales commissions, net.....	164,506	140,558
Prepaid expenses and other assets.....	10,292	7,066
	-----	-----
Total assets.....	\$559,181	\$561,287
	-----	-----

LIABILITIES AND PARTNERS' CAPITAL

Liabilities:		
Accounts payable and accrued expenses.....	\$ 61,482	\$ 56,526
Payable to Alliance mutual funds for share purchases.....	57,760	145,684
Accrued expenses under employee benefit plans...	59,171	35,597
Debt.....	109,153	109,435
	-----	-----
Total liabilities.....	287,566	347,242
Partners' capital.....	271,615	214,045
	-----	-----
Total liabilities and partners' capital...	\$559,181	\$561,287
	-----	-----

See accompanying notes to condensed consolidated financial statements.

ALLIANCE CAPITAL MANAGEMENT L.P.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)
(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	6/30/94	6/30/93	6/30/94	6/30/93
Revenues:				
Investment advisory and services fees:				
Alliance mutual funds.....	\$ 52,706	\$ 38,963	\$103,617	\$ 76,409
Other affiliated clients.....	9,533	8,273	20,498	15,928
Institutional clients.....	40,856	34,361	79,639	69,788
Distribution plan fees from Alliance mutual funds..	34,140	23,668	68,785	46,107
Shareholder servicing and administration fees.....	10,291	8,202	20,025	15,632
Other revenues.....	1,347	1,717	4,874	3,745
	148,873	115,184	297,438	227,609
Expenses:				
Employee compensation and benefits.....	42,637	33,528	85,026	68,797
General and administrative.....	17,168	17,039	33,592	33,841
Interest.....	2,205	2,665	4,428	5,400
Promotion and servicing:				
Distribution plan payments to financial intermediaries:				
Affiliated.....	5,007	3,054	9,963	5,947
Unaffiliated.....	20,964	14,521	43,302	28,705
Amortization of deferred sales commissions.....	12,883	8,439	24,863	16,386
Other.....	11,255	7,281	23,463	13,664
Amortization of intangible assets.....	2,186	1,745	4,077	3,488
Nonrecurring transaction expenses.....	--	33,542	--	40,842
	114,305	121,814	228,714	217,070
Income (loss) before income taxes and cumulative effect of accounting change.....	34,568	(6,630)	68,724	10,539
Income taxes.....	2,297	3,008	5,029	4,482
Income (loss) before cumulative effect of accounting change.....	32,271	(9,638)	63,695	6,057
Cumulative effect of change in accounting for income taxes.....	--	--	--	900
Net income (loss).....	\$ 32,271	\$(9,638)	\$ 63,695	\$ 6,957
Earnings per Unit:				
Income (loss) before cumulative effect of accounting change.....	\$ 0.42	\$ (0.14)	\$ 0.83	\$ 0.09
Cumulative effect of change in accounting for income taxes.....	--	--	--	.01
Net income (loss) per Unit.....	\$ 0.42	\$ (0.14)	\$ 0.83	\$ 0.10
Weighted average number of Units and Unit equivalents outstanding.....	75,555	70,828	75,858	70,793

See accompanying notes to condensed consolidated financial statements.

ALLIANCE CAPITAL MANAGEMENT L.P.
CONDENSED CONSOLIDATED STATEMENTS OF
CHANGES IN PARTNERS' CAPITAL

(UNAUDITED)
(IN THOUSANDS)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	6/30/94	6/30/93	6/30/94	6/30/93
Partners' capital - beginning of period.....	\$216,846	\$159,251	\$214,045	\$160,626
Net income (loss).....	32,271	(9,638)	63,695	6,957
Capital contribution received from Alliance Capital Management Corporation.....	901	288	1,377	805
Distributions to partners.....	(29,962)	(19,555)	(59,887)	(38,510)
Proceeds from sale of Class B Limited Partnership Interest to ELAS.....	50,000	--	50,000	--
Unit options exercised.....	1,560	1,128	2,374	1,553
Foreign currency translation adjustment.....	(1)	494	11	537
Partners' capital - end of period.....	\$271,615	\$131,968	\$271,615	\$131,968

See accompanying notes to condensed consolidated financial statements.

ALLIANCE CAPITAL MANAGEMENT L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)
(in thousands, except per Unit amounts)

	SIX MONTHS ENDED	
	6/30/94	6/30/93
Cash flows from operating activities:		
Net income	\$ 63,695	\$ 6,957
Adjustments to reconcile net income to net cash provided from operating activities:		
Amortization and depreciation.....	32,651	23,477
Deferred compensation expense.....	2,384	1,703
Nonrecurring transaction expenses.....	--	15,442
Cumulative effect of change in accounting for income taxes.....	--	(900)
Other, net.....	227	(508)
Changes in assets and liabilities:		
Decrease in fees receivable from Alliance mutual funds, other affiliated clients and institutional clients...	15,673	2,731
(Increase) decrease in receivables from brokers and dealers for sale of shares of Alliance mutual funds..	66,161	(84,315)
Increase (decrease) in other receivables.....	(976)	4,459
(Increase) in deferred sales commissions.....	(48,811)	(25,078)
(Increase) decrease in prepaid expenses and other assets.....	(3,608)	152
Increase in accounts payable and accrued expenses.....	3,029	13,967
Increase (decrease) in payable to Alliance mutual funds for share purchases.....	(87,924)	100,021
Increase in accrued expenses under employee benefit plans, less deferred compensation.....	22,302	15,822
Net cash provided from operating activities.....	64,803	73,930
Cash flows from investing activities:		
Purchase of Alliance mutual funds	(25,409)	(28,338)
Proceeds from sale of Alliance mutual funds.....	40,620	3,100
Acquisition of Shields and Regent	(73,570)	--
Increase (decrease) in other investments.....	(213)	1,365
Additions to furniture, equipment and leasehold improvements, net.....	(9,172)	(4,085)
Net cash used in investing activities.....	(67,744)	(27,958)
Cash flows from financing activities:		
Proceeds from borrowings.....	70,094	--
Repayment of debt.....	(70,142)	(351)
Distributions to partners.....	(59,887)	(38,510)
Proceeds from sale of Class B Limited Partnership Interest to ELAS.....	50,000	--
Capital contribution received from Alliance Capital Management Corporation.....	265	265
Unit options exercised.....	2,374	1,553
Net cash used in financing activities.....	(7,296)	(37,043)
Effect of exchange rate changes on cash and cash equivalents.....	11	415
Net increase (decrease) in cash and cash equivalents.....	(10,226)	9,344
Cash and cash equivalents at beginning of period.....	96,315	76,787
Cash and cash equivalents at end of period.....	\$ 86,089	\$ 86,131

See accompanying notes to condensed consolidated financial statements.

ALLIANCE CAPITAL MANAGEMENT L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 1994

(unaudited)

1. BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of Alliance Capital Management L.P. ("Partnership") included herein have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of (a) financial position at June 30, 1994, (b) results of operations for the three and six months ended June 30, 1994 and 1993 and (c) cash flows for the six months ended June 30, 1994 and 1993, have been made.

2. RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to the current period presentation.

3. ACQUISITIONS

On March 7, 1994, the Partnership completed the acquisition of the business and substantially all of the assets of Shields Asset Management, Incorporated ("Shields") and its wholly-owned subsidiary, Regent Investor Services Incorporated ("Regent"), from Xerox Financial Services, Inc. for a purchase price of approximately \$74 million in cash, including \$.6 million in acquisition costs. In addition, the Partnership issued 645,160 new Units to key employees of Shields and Regent having an aggregate value of approximately \$15 million in connection with the employees entering into long-term employment agreements with the Partnership. The aggregate value of these Units is being amortized as employee compensation expense ratably over five years. The acquisition was accounted for under the purchase method with the results of Shields and Regent included from the acquisition date. Goodwill of \$70.6 million was recorded which represents the excess of the purchase price, including acquisition expenses, over the estimated fair value of the net assets of the acquired business.

On July 22, 1993, Alliance Capital Management L.P. (the "Partnership") acquired the business and substantially all of the assets of Equitable Capital Management Corporation ("ECMC"), an indirect wholly-owned subsidiary of The Equitable Companies Incorporated ("Equitable"). The acquisition was accounted for in a manner similar to the pooling of interests method and, accordingly, consolidated financial information for the three and six months ended June 30, 1993 has been restated to include the results of operations of ECMC.

4. INTANGIBLE ASSETS

Intangible assets, consisting principally of goodwill and client files, are being amortized on a straight line basis over their estimated useful lives ranging from twelve to forty years. The Partnership periodically evaluates the value or recoverability of the carrying amount of its intangible assets utilizing forecasted undiscounted cash flows.

5. DEFERRED SALES COMMISSIONS

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

6. DEBT

Debt includes two series of senior notes: Series A aggregating \$80,000,000 with principal payments of \$20,000,000, \$25,000,000, \$10,000,000 and \$25,000,000 due on December 30 of each of the years 1994 through 1997, respectively; and Series B aggregating \$25,000,000 payable on September 30, 1996. Interest on the Series A and Series B senior notes is paid semi-annually at annual rates of 7.0% and 7.35%, respectively. The senior note agreements contain covenants which require the Partnership, among other things, to meet certain financial ratios and to maintain minimum tangible partners' capital. The Partnership will prepay the senior notes in full during August 1994.

During February 1994, the Partnership established a \$100,000,000 revolving credit facility with several banks. The revolving credit facility converts on March 31, 1997 into a term loan repayable in equal installments quarterly through March 31, 1999. Outstanding borrowings generally bear interest at the Eurodollar Rate plus .875% per annum through March 31, 1997 and at the Eurodollar Rate plus 1.125% per annum after conversion through March 31, 1999. In addition, a quarterly commitment fee of .25% per annum is paid on the average daily unused amount. The revolving credit facility contains covenants which require the Partnership, among other things, to meet certain financial ratios. At June 30, 1994, there were no amounts outstanding under the facility.

Debt also includes promissory notes contributed to certain investment partnerships in the aggregate principal amount of \$3,875,000 at June 30, 1994. The principal amounts of the notes will be reduced proportionately as partners receive return of capital distributions from the investment partnerships.

7. INCOME TAXES

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

Domestic corporate subsidiaries of the Partnership, which are subject to Federal, state and local income taxes, file a consolidated Federal income tax return and separate state and local income tax returns. Foreign corporate subsidiaries are generally subject to taxes in the foreign jurisdictions where they are located.

ECMC is included in the Federal income tax return of Equitable and, prior to its acquisition by the Partnership, a Federal income tax equivalent provision was computed on a separate return basis. In addition, ECMC filed separate state and local income tax returns.

The provision for income taxes is comprised of (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1994	1993	1994	1993
Partnership.....	\$2,297	\$ 795	\$5,029	\$1,729
ECMC.....	--	2,213	--	2,753
	\$2,297	\$3,008	\$5,029	\$4,482

8. NET INCOME PER UNIT

Net income per Unit is computed by reducing net income by 1% for the 1% general partnership interest held by the General Partner and dividing the remaining 99% by the weighted average number of Units, Units issuable upon conversion of the Class A and Class B Limited Partnership Interests, and Unit equivalents outstanding during each period.

9. SUPPLEMENTAL CASH FLOW INFORMATION

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1994	1993	1994	1993
Interest.....	\$4,320	\$4,780	\$5,013	\$5,317
Income taxes.....	3,555	3,032	6,159	4,760

The 1994 consolidated statement of cash flows does not include the issuance by the Partnership of new Units to key employees of Shields and Regent having an aggregate value of approximately \$15 million in connection with their entering into long-term employment agreements since this transaction did not provide or use cash.

10. SUBSEQUENT EVENTS

On July 1, 1994, the Partnership issued 2,482,030 newly issued Units to a wholly-owned subsidiary of Oversea-Chinese Banking Corporation Limited ("OCBC") for \$50 million in cash.

On July 21, 1994, the Board of Directors of the General Partner declared a distribution of \$31,213,000 or \$.41 per Unit representing the Available Cash Flow (as defined in the Partnership Agreement) of the Partnership for the three months ended June 30, 1994. The distribution was paid on August 8, 1994 to holders of record on August 1, 1994.

On July 15, 1994, the Partnership gave notice to the holders of its senior notes that it will prepay the senior notes in full during August 1994.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The Partnership acquired the business and substantially all of the assets of Equitable Capital Management Corporation ("ECMC") on July 22, 1993. The acquisition was accounted for in a manner similar to the pooling of interests method and, accordingly, the condensed consolidated financial statements of the Partnership and its subsidiaries for the three and six months ended June 30, 1993 have been restated to include the results of operations of ECMC. On March 7, 1994, the Partnership acquired the business and substantially all of the assets of Shields Asset Management, Incorporated ("Shields") and its wholly-owned subsidiary, Regent Investor Services, Incorporated ("Regent"), from Xerox Financial Services, Inc. for a purchase price of approximately \$74 million in cash, including \$.6 million in acquisition costs. The acquisition was accounted for under the purchase method with the results of Shields and Regent included in the Partnership's condensed consolidated financial statements from the acquisition date.

THREE MONTHS ENDED JUNE 30, 1994 COMPARED TO THREE MONTHS ENDED JUNE 30, 1993

The Partnership recorded net income for the three months ended June 30, 1994 of \$32.3 million or \$.42 per Unit, compared to a net loss of \$9.6 million or \$.14 per Unit for the three months ended June 30, 1993. Net income for the three months ended June 30, 1993 includes a charge of \$33.5 million for expenses incurred in connection with the acquisition of ECMC. Excluding this nonrecurring item, net income for the three months ended June 30, 1994 increased 37.2% over net income of \$23.5 million, or \$.33 per Unit, for the prior year period.

Assets under management by the Partnership at June 30, 1994 were approximately \$122.3 billion, an increase of \$18.0 billion or 17.3% from June 30, 1993. The increase is primarily the result of net mutual fund sales of \$7.9 billion, net institutional cash inflows of \$3.0 billion and the acquisition of Shields and Regent which increased assets under management by \$7.8 billion, offset partially by market depreciation of \$0.7 billion.

Revenues for the three months ended June 30, 1994 were \$148.9 million, an increase of 29.2% from the prior year period. Investment advisory and services fees, which are based on assets under management, increased 26.3%. Investment advisory fees from Alliance mutual funds increased by 35.3% due to higher average assets under management resulting from strong net mutual fund sales through the first quarter of 1994. The Partnership experienced modest net redemptions in its open-end mutual funds during the second quarter of 1994. Investment advisory fees from other affiliated clients increased by 15.2% principally due to an increase in revenues from the general accounts of The Equitable Life Assurance Society of the United States ("ELAS") and its insurance company subsidiaries. Investment advisory fees from institutional clients increased by 18.9% due to an increase in average assets under management resulting from the acquisition of Shields, new account additions and market appreciation during the second half of 1993.

Distribution plan fees increased 44.2% due principally to higher average load mutual fund assets attributable to Class B and Class C Shares under the Partnership's mutual fund distribution system described under "Capital Resources and Liquidity". Shareholder servicing and administration fees increased 25.5% due primarily to an increase in the number of shareholder accounts serviced by the Partnership and an increase in closed-end mutual fund administration fees. Other revenues, consisting of commissions, interest and dividends, decreased 21.5% as a result of lower commissionable load mutual fund sales. Alliance Short-Term Multi-Market Trust accounted for approximately 4.9% and 10.2% of the Partnership's aggregate revenues during the three months ended June 30, 1994 and 1993, respectively.

Expenses for the three months ended June 30, 1994 were \$114.3 million, a decrease of 6.2% from the prior year period. Excluding the \$33.5 million in nonrecurring transaction expenses incurred in connection with the ECMC acquisition in 1993, expenses increased 29.5% from the prior year period.

Employee compensation and benefits increased 27.2% principally due to an increase of 217 employees since June 1993, including the addition of 84 Shields and Regent employees on March 7, 1994, and higher incentive compensation resulting from increased operating earnings. Promotion and fund servicing expense, which includes distribution plan payments to financial intermediaries for distribution of the Partnership's mutual fund and cash management services products, amortization of deferred sales commissions paid to brokers for the sale of Class B Shares, advertising, promotional materials and travel and entertainment, increased 50.5%. Distribution plan payments increased 47.8% due principally to higher average load mutual fund assets attributable to Class B and Class C Shares. Amortization of deferred sales commissions increased by 52.7% due to continuing sales of Class B Shares. Other promotional expenditures increased by 54.6% as a result of costs associated with the Partnership's new mutual fund advertising campaign and the launching of The Global Privatization Fund.

The provision for income taxes decreased 23.6%. In 1993, despite the operating loss, a tax expense was provided due to nonrecurring transaction expenses that were not deductible for tax purposes. The portion related to ECMC's operations prior to the acquisition was calculated using a combined Federal and state corporate statutory income tax rate of approximately 47%.

SIX MONTHS ENDED JUNE 30, 1994 COMPARED TO SIX MONTHS ENDED JUNE 30, 1993

The Partnership recorded net income for the six months ended June 30, 1994 of \$63.7 million or \$.83 per Unit, compared to net income of \$7.0 million or \$.10 per Unit for the six months ended June 30, 1993. Net income for the six months ended June 30, 1993 includes a charge of \$40.8 million for expenses incurred through that date in connection with the acquisition of ECMC and a \$.9 million income tax benefit resulting from the adoption of Statement of Financial Accounting Standards No. 109 "Accounting For Income Taxes" as of January 1, 1993. Excluding these nonrecurring items, net income for the six months ended June 30, 1994 increased 41.2% over net income of \$45.1 million, or \$.63 per Unit, for the prior year period.

Assets under management by the Partnership at June 30, 1994 were approximately \$122.3 billion, an increase of \$18.0 billion or 17.3% from June 30, 1993. The increase is primarily the result of net mutual fund sales of \$7.9 billion, net institutional cash inflows of \$3.0 billion and the acquisition of Shields and Regent which increased assets under management by \$7.8 billion, offset partially by market depreciation of \$0.7 billion.

Revenues for the six months ended June 30, 1994 were \$297.4 million, an increase of 30.7% from the prior year period. Investment advisory and services fees, which are based on assets under management, increased 25.7%. Investment advisory fees from Alliance mutual funds increased by 35.6% due to higher average assets under management resulting from strong net mutual fund sales through the first quarter of 1994. The Partnership experienced modest net redemptions in its open-end mutual funds during the second quarter of 1994. Investment advisory fees from other affiliated clients increased by 28.7% principally due to a \$2.7 million increase in performance fees. Investment advisory fees from institutional clients increased by 14.1% due to an increase in average assets under management resulting from the acquisition of Shields, new account additions and market appreciation during the second half of 1993.

Distribution plan fees increased 49.2% due principally to higher average load mutual fund assets attributable to Class B and Class C Shares under the Partnership's mutual fund distribution system described under "Capital Resources and Liquidity". Shareholder servicing and administration fees increased 28.1% due primarily to an increase in the number of shareholder accounts serviced by the Partnership and an increase in closed-end mutual fund administration fees. Other revenues, consisting of commissions, interest and dividends, increased 30.1% as a result of the launching of a new closed-end fund, The Global Privatization Fund in the first quarter of 1994, for which the Partnership earned substantial commissions. Alliance Short-Term Multi-Market Trust accounted for approximately 5.3% and 10.9% of the Partnership's aggregate revenues during the six months ended June 30, 1994 and 1993, respectively.

Expenses for the six months ended June 30, 1994 were \$228.7 million, an increase of 5.4% from the prior year period. Excluding the \$40.8 million in nonrecurring transaction expenses incurred in connection with the ECMC acquisition in 1993, expenses increased 30.0% from the prior year period.

Employee compensation and benefits increased 23.6% principally due to higher incentive compensation of \$5.0 million resulting from increased operating earnings and an increase in commission expense of \$4.5 million resulting from increased mutual fund sales, including The Global Privatization Fund. Promotion and fund servicing expense, which includes distribution plan payments to financial intermediaries for distribution of the Partnership's mutual fund and cash management services products, amortization of deferred sales commissions paid to brokers for the sale of Class B Shares, advertising, promotional materials and travel and entertainment, increased 57.0%. Distribution plan payments increased 53.7% due principally to higher average load mutual fund assets attributable to Class B and Class C Shares. Amortization of deferred sales commissions increased by 51.7% due to continuing sales of Class B Shares. Other promotional expenditures increased by 71.7% as a result of costs associated with the Partnership's new mutual fund advertising campaign and the launching of the Global Privatization Fund.

The effective income tax rate decreased from 42.5% to 7.3% since the 1993 provision included the tax effect of the nonrecurring transaction expenses that were not deductible for tax purposes. Additionally, the income tax provision related to ECMC's operations prior to the acquisition was calculated using a combined Federal and state corporate statutory income tax rate of approximately 47%.

CAPITAL RESOURCES AND LIQUIDITY

Cash flow from borrowings under the Partnership's revolving credit facility and cash flows from operations were the Partnership's principal sources of working capital during the six month period ended June 30, 1994. The Partnership's cash and cash equivalents decreased by \$10.2 million. The cash outflows from the purchase of Shields for \$73.6 million, capital expenditures of \$9.2 million and cash distributions to Unitholders of \$59.9 million, were partially offset by cash inflows of \$50.0 million from the sale of the Class B Limited Partnership Interest to ELAS, \$64.8 million in cash flow from operations and net redemptions of investments in Alliance mutual funds in the amount of \$15.2 million.

The Partnership's mutual fund distribution system (the "System") includes three distribution options. The System permits the Alliance mutual funds to offer investors the option of purchasing shares (a) subject to a conventional front-end sales charge ("Class A Shares"), (b) without a front-end sales charge but subject to a contingent deferred sales charge payable by shareholders ("CDSC") and higher distribution fees payable by the funds ("Class B Shares"), or (c) without either a front-end sales charge or the CDSC but with higher distribution fees payable by the funds ("Class C Shares"). During the six months ended June 30, 1994, payments made to financial intermediaries in connection with the sale of Class B Shares under the System, net of CDSC received, totaled \$48.8 million.

On May 6, 1994, the Partnership issued a newly created Class B Limited Partnership Interest to ELAS for \$50 million in cash. The Class B Limited Partnership Interest will be converted into 2,266,288 newly issued Units upon approval by the holders of a majority of the outstanding Units.

The Partnership has repaid all outstanding balances under its revolving credit facility established during February to finance the acquisition of Shields and Regent. Outstanding debt at June 30, 1994 under the Partnership's senior notes was \$105 million. The Partnership has given notice to the holders of the senior notes that it will prepay the senior notes in full during August 1994.

On July 1, 1994, the Partnership issued 2,482,030 newly issued Units to a wholly-owned subsidiary of Oversea-Chinese Banking Corporation Limited for \$50 million in cash.

As a result of the substantial growth in the Partnership's business, increased sales levels of Class B Shares under the System and to take advantage of growth opportunities and strategic global opportunities, the Partnership will continue to require additional capital. Various alternatives for increasing the Partnership's capital base are being evaluated by management. Management of the Partnership believes that the Partnership will be able to access sufficient funds in the capital markets to support its future capital and liquidity requirements.

CASH DISTRIBUTIONS

The Partnership is required to distribute all of its Available Cash Flow, as defined in the Partnership Agreement, to the General Partner and Unitholders. Available Cash Flow and Available Cash Flow Per Unit amounts do not include Available Cash Flow resulting from the operations of ECMC prior to the acquisition. The Partnership's Available Cash Flow was as follows:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1994	1993	1994	1993
Available Cash Flow (in thousands).....	\$31,213	\$20,167	\$61,443	\$39,722
Available Cash Flow Per Unit.....	\$0.41	\$0.35	\$0.82	\$0.69

Part II

OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

None.

Item 2. CHANGES IN SECURITIES

See Item 5 "Other Information".

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

Item 5. OTHER INFORMATION

On July 1, 1994, Eastern Holdings Limited ("Eastern"), a wholly owned subsidiary of Oversea-Chinese Banking Corporation Limited ("OCBC"), purchased 2,482,030 Units for \$50 million cash pursuant to the Unit Purchase Agreement dated as of June 28, 1994 among the Partnership, OCBC and Eastern. The Partnership will use the proceeds to take advantage of growth opportunities and to finance sales of shares of mutual funds sponsored by the Partnership.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

1. Unit Purchase Agreement dated as of June 28, 1994 among the Partnership, OCBC and Eastern.

(b) Reports on Form 8-K

None.

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.

ALLIANCE CAPITAL MANAGEMENT L.P.

Dated: August 8, 1994

By: Alliance Capital Management
Corporation, its General Partner

By:/s/ Myles R. Itkin

Myles R. Itkin
Senior Vice President &
Chief Financial Officer

UNIT PURCHASE AGREEMENT

Dated as of June 28, 1994

By and Among

ALLIANCE CAPITAL MANAGEMENT L.P.
OVERSEA-CHINESE BANKING CORPORATION LIMITED
and
EASTERN HOLDINGS LIMITED

UNIT PURCHASE AGREEMENT ("this Agreement") dated as of June 28, 1994 by and among ALLIANCE CAPITAL MANAGEMENT L.P. ("Alliance"), a limited partnership organized under the laws of Delaware, OVERSEA-CHINESE BANKING CORPORATION LIMITED ("OCBC"), a banking corporation incorporated under the laws of Singapore, and EASTERN HOLDINGS LIMITED, a corporation organized under the laws of Hong Kong and a wholly-owned subsidiary of OCBC ("Eastern").

W I T N E S S E T H :

WHEREAS, OCBC and Eastern believe that a strategic equity investment in Alliance by Eastern would be desirable;

NOW, THEREFORE, IT IS AGREED:

ARTICLE I

PURCHASE OF UNITS

Section 1.1 PURCHASE OF UNITS. On the Closing Date (as defined below), subject to the terms and conditions set forth in this Agreement, Alliance shall issue and sell to Eastern, and Eastern shall purchase from Alliance, a number of Units equal to the number resulting after dividing U.S. \$50,000,000 (the "Purchase Price") by a number equal to the weighted average sale price (adjusted for any subdivisions of, or combinations with respect to, the Units) for all sales of Units on the New York Stock Exchange for the 30 trading days immediately preceding the second trading day preceding the Closing Date. Such sales price data shall be obtained directly from the New York Stock Exchange at the expense of Alliance. "Units" and "Limited Partnership Interests" shall have the respective meanings set forth in the Agreement of Limited Partnership of Alliance (As Amended And Restated) as of the date hereof (the "Limited Partnership Agreement"). The Units Alliance is so obligated to issue and sell to Eastern are referred to herein as the "OCBC Units."

Section 1.2 CLOSING. (a) The sale and purchase of the OCBC Units referred to in Section 1.1 (the "Closing") shall take place at 10:00 A.M. at the offices of White & Case, 1155 Avenue of the Americas, New York, New York on July 1, 1994, or at such other time and place, or on such other date, as the parties hereto shall agree in writing. Such date is herein referred to as the "Closing Date."

(b) At the Closing, (i) Alliance shall deliver to Eastern (A) a certificate or certificates for the OCBC Units registered in the name of Eastern and in such denominations as Eastern shall designate in writing to Alliance at least five days prior to the Closing and (ii) Eastern shall make payment of the Purchase Price by wire transfer of immediately available funds to an account designated by Alliance in writing at least 48 hours prior to the Closing.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 REPRESENTATIONS AND WARRANTIES OF ALLIANCE.

Alliance hereby represents and warrants to OCBC and Eastern as follows:

(a) ORGANIZATION, AUTHORITY. (i) Alliance is a limited partnership organized under the Delaware Revised Uniform Limited Partnership Act, as amended, validly existing and in good standing under the laws of the State of Delaware. Alliance has the power and authority to execute and deliver this Agreement and each other agreement, document or instrument to be delivered by it pursuant hereto, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each other agreement, document or instrument to be delivered by it pursuant hereto, and the consummation of the transactions contemplated hereby and thereby, have been or will be by Closing duly authorized by all requisite action by Alliance and the General Partner.

(ii) Alliance has full power and authority and possesses all rights, licenses, authorizations and approvals, governmental or otherwise (collectively, "Authorizations"), necessary to entitle it to own, lease or otherwise hold its properties and assets, and to carry on its business as currently conducted except where the failure to obtain such Authorizations would not have a material adverse effect on the Alliance Group, taken as a whole. Alliance is duly qualified, licensed or registered to transact business and is in good standing in each jurisdiction in which its ownership or leasing of property requires such qualification, license or registration or in which the failure to be so qualified would have a material adverse effect on its ability to conduct business as currently conducted.

(b) NO CONFLICTS. The execution and delivery by Alliance of this Agreement and each other agreement, document or instrument to be delivered by it pursuant hereto and the consummation of the transactions contemplated hereby and thereby will not: (i) conflict with or result in any breach of any provision of the Limited Partnership Agreement, (ii) conflict with or result in any breach of or default under any provision of any contract, agreement or investment of any kind to which Alliance is a party or by which Alliance or any of its assets or properties is bound or (iii) result in any conflict with Applicable Law.

(c) CONSENTS; GOVERNMENTAL APPROVALS. Except for the approval of the New York Stock Exchange of the listing of the OCBC Units, which shall have been obtained prior to the Closing Date subject only to official notice of issuance of the OCBC Units, no Consent or Governmental Approval is required to be obtained by Alliance in connection with (i) the execution and delivery by Alliance of this Agreement and each other agreement, document or instrument to be delivered by it pursuant hereto, (ii) the performance of its obligations hereunder and thereunder, and (iii) the consummation of the transactions contemplated hereby and thereby.

(d) BROKERS. Alliance has not incurred any liability for any fee or commission to any broker, finder, investment banker or other intermediary in connection with the transactions contemplated by this Agreement.

(e) FINANCIAL STATEMENTS. Alliance has delivered or made available to OCBC complete and correct copies of Alliance's Financial Statements for the fiscal years ended December 31, 1991, 1992 and 1993, and for the three month period ended March 31, 1994, respectively. Such annual Financial Statements have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with previous periods (except as disclosed in such Financial Statements or footnotes thereto). Such Financial Statements present fairly the financial position of Alliance as of the date of each such Financial Statement and the results of Alliance's operations and cash flows during the period covered by each such Financial Statement. Since the date of Alliance's Financial Statements for the three month period ended March 31, 1994, there has been no change in the financial position or operations of Alliance, other than changes in the ordinary course of business (and changes of a general or economic nature) that, individually and in the aggregate, have not had and would not have a material adverse

effect on the business or operations of the Alliance Group, taken as a whole. Since December 31, 1993, there has been no material change in Alliance's accounting principles or related methodology.

(f) FEDERAL AND STATE SECURITIES LAWS. (i) Alliance is duly registered as an investment adviser under the Advisers Act. Alliance is duly registered or licensed under applicable law as an investment adviser in each state or other jurisdiction in which the nature of its business so requires and where the failure to be so duly registered or licensed would have a material adverse effect on the Alliance Group, taken as a whole.

(ii) Alliance has filed on a timely basis and in a proper manner all Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Registration Statements on Form ADV, and such other filings as Alliance is obligated to make under the Exchange Act, the Securities Act, the Investment Company Act or Advisers Act or under any applicable state blue sky laws and securities regulations where the failure to make such filing would have a material adverse effect on the Alliance Group, taken as a whole (collectively, "Alliance's Regulatory Filings"). Alliance's Regulatory Filings contain all the information required by such Federal or state securities laws to be included therein and do not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made.

(g) UNITS. (i) The OCBC Units have been or will be, prior to the Closing, duly authorized and, when issued to Eastern pursuant to this Agreement will be validly issued, free and clear of any liens, encumbrances, equities or claims. The holders of the OCBC Units will be entitled to the same rights (including rights to any subdivisions thereof or distributions thereon, subject to Section 3.6) as all other holders of Limited Partnership Interests and Units of Alliance other than the holders of the Class A Limited Partnership Interest and the Class B Limited Partnership Interest (such Interests being provided for in the Limited Partnership Agreement). Subject only to the provisions of Applicable Law, Eastern, as holder of the OCBC Units, will have no liability to Alliance or any of its creditors. The issuance of the OCBC Units to Eastern is not subject to preemptive rights of any partner in, or any Affiliate or creditor of, Alliance or any other person. The issuance and delivery of the OCBC Units by Alliance do not and will not

conflict with or breach any term or provision of or constitute a default under the Limited Partnership Agreement or the certificate of limited partnership, or any other agreement or instrument to which Alliance is a party or by which any of Alliance's properties is bound or any applicable law, rule, regulation, judgment, order or decree of any government, governmental agency or instrumentality or court, domestic or foreign, having jurisdiction over Alliance or any of its properties. No Consent, Governmental Approval or authorization or order of any Governmental Authority is required for the valid authorization, issuance and delivery of the OCBC Units by Alliance to Eastern, except such Consents, Governmental Approvals or authorizations as shall have been obtained at the time of the Closing.

(ii) Subject to and in reliance upon the representation given in Section 3.1, the issuance of the OCBC Units by Alliance pursuant to this Agreement will be exempt from registration under the Securities Act.

(iii) There are no preemptive or similar rights on the part of any holders of any class of securities of Alliance. Except for this Agreement, the Alliance Capital Management L.P. Unit Option Plan, the Alliance Capital Management L.P. 1993 Unit Option Plan, the Alliance Capital Management L.P. Unit Bonus Plan, the Alliance Capital Management L.P. Century Club Plan, the Alliance Capital Management L.P. Shields/Regent Retention Unit Bonus Plan, the Class A Limited Partnership Interest, the Class B Limited Partnership Interest, the Contribution Agreement, dated May 6, 1994, between Alliance and The Equitable Life Assurance Society of the United States, and the 8 Per Cent Unsecured Loan Notes 1996 of Alliance Capital Management Corporation of Delaware constituted by an Instrument dated 7 November 1991, no subscriptions, options, warrants, conversion or other rights, agreements, commitments, arrangements or understandings of any kind obligating Alliance, contingently or otherwise, to issue or sell, or cause to be issued or sold, any partnership interests or units of any class, or any securities convertible into or exchangeable for any such interests or units, are or will at the Closing be outstanding; and no authorization therefore has or will have been given. There are no outstanding contractual obligations of Alliance to repurchase, redeem or otherwise acquire or reacquire any outstanding Limited Partnership interests or Units except for the right to acquire any Units that are forfeited by any employee or former employee of Alliance or a Subsidiary of Alliance under any Alliance employee plan or agreement.

Section 2.2 REPRESENTATIONS AND WARRANTIES OF OCBC AND EASTERN.

In addition to the representation and warranty set forth in Section 3.1, OCBC and Eastern represent and warrant to Alliance as follows:

(a) ORGANIZATION, AUTHORITY. OCBC is a banking corporation duly organized, validly existing and in good standing under the laws of Singapore, and Eastern is a corporation duly organized, validly existing and in good standing under the laws of Hong Kong. OCBC and Eastern have full power and authority to execute and deliver this Agreement and each other agreement, document or instrument to be delivered by either of them pursuant hereto, to perform their obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each other agreement, document or instrument to be delivered by OCBC or Eastern pursuant hereto, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all requisite corporate action of OCBC and Eastern.

(b) NO CONFLICTS. The execution and delivery by OCBC and Eastern of this Agreement and each other agreement, document or instrument to be delivered by either of them pursuant hereto and the consummation of the transactions contemplated hereby and thereby will not: (i) conflict with or result in any breach of any provision of their respective organizational, charter or governing documents, (ii) conflict with or result in a breach of or default under any provision of any contract, agreement or investment of any kind to which OCBC or Eastern is a party or by which OCBC or Eastern or any of their respective assets or properties are bound which would have a material adverse effect on OCBC and its Subsidiaries, taken as whole or (iii) result in any conflict with Applicable Law.

(c) CONSENTS; GOVERNMENT APPROVALS. No Consent or Governmental Approval is required to be obtained by or on behalf of OCBC or Eastern or any Affiliate of OCBC or Eastern in connection with (i) the execution and delivery by OCBC and Eastern of this Agreement and each other agreement, document or instrument to be delivered by either of them pursuant thereto, (ii) the performance of each of their obligations hereunder and thereunder, and (iii) the consummation of the transactions hereby and thereby.

ARTICLE III

TRANSFER AND OWNERSHIP OF UNITS

Section 3.1 PURCHASE FOR INVESTMENT. OCBC and Eastern represent and warrant to Alliance that Eastern is acquiring the OCBC Units for its own account for investment only and not with a view to, or for sale in connection with, any distribution thereof within the meaning of the Securities Act. Eastern acknowledges that the OCBC Units have not been registered under the Securities Act and may not be transferred in the absence of such registration or pursuant to an exemption from the registration requirements of the Securities Act. Eastern also acknowledges that any certificate evidencing the OCBC Units shall carry a legend to such effect. Eastern will not at any time sell, pledge, assign, encumber or otherwise transfer any OCBC Units in a manner which would violate the provisions of the Securities Act.

Section 3.2 TWO-YEAR HOLDING PERIOD. Subject to the provisions of Section 3.4, Eastern shall not, during the first two years following the Closing Date (the "Holding Period"), sell, pledge, assign, encumber or otherwise transfer any of the OCBC Units other than (i) with the prior written consent of Alliance or (ii) to one or more members of the OCBC Group which agree in writing to be bound by all of the terms of this Agreement applicable to Eastern with respect to transfer of the OCBC Units.

Section 3.3 REGISTRATION RIGHTS. Eastern and all other OCBC Persons shall be entitled to the registration rights set forth in Exhibit A hereto.

Section 3.4 SALE TO STRATEGIC PARTNER. In the event that at any time (whether during or after the Holding Period) any member of the Alliance Group enters into an agreement ("Relationship Agreement") with a Strategic Partner (as hereinafter defined) to participate in a strategic regional relationship relating to the distribution of investment funds in ASEAN countries or to engage in the investment management business in respect of securities of ASEAN issuers in ASEAN countries (i) Alliance will give OCBC at least 30 days advance written notice regarding any acquisition by the Strategic Partner from Alliance of Units or equity securities of Alliance, or options thereon, in connection with the Relationship Agreement within 180 days after the Relationship Agreement becomes effective ("Alliance Notice"), and (ii) the OCBC Persons who are members of the

OCBC Group shall have the right by written notice to Alliance within 150 days of the Alliance Notice ("OCBC Notice") to sell up to an aggregate number of OCBC Units to a Designated Alliance Purchaser (as hereinafter defined) equal (or in the case of other equity securities, substantially equivalent) to the number of Units or other securities to be acquired by the Strategic Partner at a sales price per OCBC Unit calculated in accordance with the formula set forth in Section 1.1, unless the per Unit price to be paid by the Strategic Partner is calculated as the average or mean, over a period of not less than 10 nor more than 30 consecutive business days preceding (by not more than three business days) the date of payment of such price to such OCBC Persons, of (i) the last reported sales price per Unit on each day during such period on the principal securities exchange on which the Units are listed or admitted to trading, (ii) the last reported bid and asked prices per Unit on each such day on such exchange, or (iii) the high and low sales prices per Unit on each such day on such exchange, in which case such average or mean price per Unit shall be the applicable sales price per OCBC Unit. Alliance will not sell any Units or other equity securities of Alliance, or options thereon, to the Strategic Partner unless and until all of OCBC Units covered by the OCBC Notice have been purchased by the Alliance Designated Purchaser so long as the offering OCBC Person is in compliance with the terms of its offer. Notwithstanding the foregoing, no OCBC person shall have any right to offer or to sell any OCBC Units pursuant to this Section if the Agreement of Cooperation, dated as of June 28, 1994, between Alliance and OCBC has terminated by mutual consent of Alliance and OCBC. The term "Strategic Partner" shall mean an organization other than an OCBC Person (i) the business of which organization and its affiliates taken as a whole is primarily conducted in ASEAN countries, (ii) which enters into a Relationship Agreement with a member of the Alliance Group, and (iii) which is entitled to acquire Units or other equity securities of Alliance having an aggregate purchase price of at least \$15 million, or options thereon, pursuant to the Relationship Agreement. The term "Alliance Designated Purchaser" shall mean either the Strategic Partner or any member of the Alliance Group, whichever is designated by Alliance as the Alliance Designated Purchaser.

Section 3.5 LEGEND ON OCBC UNITS. Each certificate for OCBC Units issued at the Closing shall be stamped or otherwise imprinted with a legend in substantially the following form:

"The Units represented by this Certificate have not been registered under the United States Securities Act of 1933 (the "Act") or the securities laws of any state by virtue of exemptions from the registration requirements of the Act and such laws. These Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Act and applicable state securities laws, pursuant to registration or exemption therefrom. In addition, this Certificate and the Units represented hereby are subject to the terms of the Unit Purchase Agreement, dated as of June 28, 1994, by and among Oversea-Chinese Banking Corporation Limited, Eastern Holdings Limited and Alliance Capital Management L.P. The Units may not be sold, assigned, transferred, pledged or otherwise disposed of or encumbered except as provided in such Unit Purchase Agreement. A copy of such Unit Purchase Agreement is available for inspection at the executive offices of Alliance Capital Management L.P."

Alliance shall issue new Unit certificates not bearing the legend set forth above in exchange for certificates representing any OCBC Units which are no longer subject to any restrictions on sale or transfer under either (i) the terms of this Agreement or (ii) the provisions of the Securities Act; provided, however, that Alliance may request that the person or entity requesting the new certificates furnish an opinion of counsel, in form and substance reasonably satisfactory to Alliance from counsel satisfactory to Alliance, as to the absence of any restrictions on sale or transfer of the OCBC Units under the Securities Act.

Section 3.6 DISTRIBUTIONS WITH RESPECT TO OCBC UNITS. The holder of the OCBC Units on the record date for the regular quarterly distribution by Alliance relating to the quarter during which Eastern acquires the OCBC Units (the "Acquisition Quarter") will receive a pro-rata portion of the distribution with respect to its OCBC Units equal to the amount distributed per Unit multiplied by a fraction the numerator of which is the number of days during the Acquisition Quarter that the OCBC Units have been outstanding and the denominator of which is the total number of days in the Acquisition Quarter.

ARTICLE IV

CLOSING CONDITIONS

Section 4.1. CLOSING CONDITIONS TO OBLIGATIONS OF EASTERN. The obligations of Eastern to purchase the OCBC Units at the Closing are subject to the satisfaction or waiver on or before the Closing Date of the following conditions precedent:

(a) ACCURACY OF REPRESENTATIONS AND WARRANTIES. All representations and warranties of Alliance contained herein shall be true and correct in all material respects as of the date hereof and at and as of the Closing Date, with the same force and effect as though made on and as of the Closing Date.

(b) PERFORMANCE BY ALLIANCE. Alliance shall have performed all obligations and agreements, and complied with all covenants and conditions, contained in this Agreement which are to be performed or complied with by it prior to or at the Closing.

(c) CONSENTS AND APPROVALS. All consents, approvals and other action by, all notices to, and all filings with, all Persons, including all courts and administrative and governmental bodies, that are required to have been obtained, taken or made by Alliance to consummate the transactions contemplated by this Agreement shall have been obtained, undertaken or made, and all waiting periods shall have expired or been waived, as the case may be.

(d) NO MATERIAL ADVERSE CHANGE. Prior to the Closing no event shall have occurred or failed to occur, which occurrence, or failure to occur, as the case may be, has had or is reasonably likely to have a material adverse effect on the Alliance Group, taken as a whole.

(e) OPINION OF COUNSEL. OCBC and Eastern shall have received opinions, dated the Closing Date, of Seward & Kissel, special counsel to Alliance, and White & Case, special counsel to OCBC and Eastern, in substantially the forms of Exhibits B and C attached hereto.

(f) OFFICER'S CERTIFICATES. (i) Alliance shall have delivered to OCBC and Eastern a certificate of the Chairman of the Board, President, any Executive Vice President or any Senior Vice President of the General Partner, dated the Closing Date, certifying that the

conditions specified in Sections 4.1(a), 4.1(b), 4.1(c) and 4.1(d) have been satisfied.

(g) PROCEEDINGS SATISFACTORY. All proceedings taken in connection with the sale of the OCBC Units and all documents and papers relating thereto shall be reasonably satisfactory to OCBC and Eastern and their special counsel. OCBC and Eastern and their special counsel shall have received copies of such documents and papers as they may reasonably request in connection therewith or as a basis for such special counsel's closing opinion, all in form and substance satisfactory to OCBC and Eastern and their special counsel.

Section 4.2 CLOSING CONDITIONS TO OBLIGATIONS OF ALLIANCE. The obligations of Alliance to sell and issue the OCBC Units at the Closing are subject to the satisfaction or waiver on or before the Closing Date of the following conditions precedent:

(a) ACCURACY OF REPRESENTATIONS AND WARRANTIES. All representations and warranties of OCBC and Eastern contained herein shall be true and correct in all material respects as of the date hereof and at and as of the Closing Date, with the same force and effect as though made on and as of the Closing Date.

(b) PERFORMANCE BY OCBC AND EASTERN. OCBC and Eastern shall have performed all obligations and agreements, and complied with all covenants and conditions, contained in this Agreement which are to be performed or complied with by either of them prior to or at the Closing.

(c) CONSENTS AND APPROVALS. All consents, approvals and other action by, all notices to, and all filings with, all Persons, including all courts and administrative and governmental bodies, that are required to have been obtained by either of OCBC and Eastern, taken or made to consummate the transactions contemplated by this Agreement shall have been obtained, undertaken or made by OCBC and Eastern, as the case may be, and all waiting periods shall have expired or been waived, as the case may be.

(d) OFFICER'S CERTIFICATES. OCBC and Eastern shall have delivered to Alliance a certificate of the Chairman of the Board, the President, any Executive Vice President or any Senior Vice President of OCBC or

Eastern, as the case may be, dated the Closing Date, certifying that the conditions specified in Sections 4.2(a), 4.2(b) and 4.2(c) have been satisfied.

(e) PROCEEDINGS SATISFACTORY. All proceedings taken in connection with the purchase of the OCBC Units and all documents and papers relating thereto shall be reasonably satisfactory to Alliance and its special counsel. Alliance and its special counsel shall have received copies of such documents and papers as they may reasonably request of OCBC or Eastern in connection with the Closing or as a basis for such special counsel's closing opinion, all in form and substance satisfactory to Alliance and its special counsel.

ARTICLE V

DEFINITIONS

Section 5.1 DEFINITION OF CERTAIN TERMS. The terms defined in this Section 5.1, whenever used in this Agreement, shall have the respective meanings indicated below for all purposes of this Agreement.

ADVISERS ACT: the United States Investment Advisers Act of 1940, as amended from time to time, and the rules and regulations of the Commission promulgated thereunder.

AFFILIATE: of a Person means a Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the first Person, including but not limited to a Subsidiary of the first Person, a Person of which the first Person is a Subsidiary, or another Subsidiary of a Person of which the first Person is also a Subsidiary. "Control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.

ALLIANCE GROUP: Alliance and its Subsidiaries either directly or indirectly wholly-owned by Alliance on the date hereof or acquired thereafter.

APPLICABLE LAW: all applicable provisions of all (i) constitutions, treaties, statutes, laws (including the common law), rules, regulations, ordinances or orders of any Governmental Authority, (ii) Governmental Approvals, and (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority.

ASEAN: a member country of the Association of Southeast Asian Nations as of the date of this Agreement.

COMMISSION: the United States Securities and Exchange Commission.

CONSENT: any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, declaration or filing with, or report or notice to, any Person, including but not limited to any Governmental Authority and including the expiration of any waiting or other time period after which the consent or acquiescence of the Person in question may be assumed or relied upon.

FINANCIAL STATEMENTS: for any fiscal period, the consolidated financial statements of Alliance as at and for such fiscal period, as set forth in the Annual Report or Form 10-Q of Alliance, as the case may be, together, in the case of year end statements, with reports on such statements by the independent public accountants of Alliance including a statement of financial condition, a statement of income, a statement of changes in partners' capital and a statement of cash flows.

GENERAL PARTNER: Alliance Capital Management Corporation, a Delaware corporation.

GOVERNMENTAL APPROVAL: any Consent of, with or to, any Governmental Authority, including the expiration of any waiting or other time period required to pass before governmental consent or acquiescence may be assumed or relied upon.

GOVERNMENTAL AUTHORITY: any nation or government, any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including, without limitation, any government authority, agency, department, board, commission or instrumentality of the United States or State of the United States thereof, any

tribunal or arbitrators of competent jurisdiction, and any self-regulatory organization.

INVESTMENT COMPANY ACT: the United States Investment Company Act of 1940, as amended from time to time, and the rules and regulations of the Commission promulgated thereunder.

OCBC GROUP: OCBC and all of its direct or indirect Wholly-Owned Subsidiaries.

OCBC PERSON: Any member of the OCBC Group which owns or acquires OCBC Units and any OCBC Transferee (as that term is defined in Exhibit A hereto) so long as any such Person (as that term is defined in Exhibit A hereto) owns Registrable Securities (as that term is defined in Exhibit A hereto).

SECURITIES ACT: the United States Securities Act of 1933, as amended from time to time, and the rules and regulations of the Commission promulgated thereunder.

SUBSIDIARIES: each corporation or other Person in which a Person and/or its Subsidiaries own or control, directly or indirectly, capital stock or any other equity interests representing more than 50% of the outstanding voting stock (or other means of electing a majority of the Board of Directors) or other equity interests.

WHOLLY-OWNED SUBSIDIARY: a corporation or other Person in which a Person and/or its Wholly-Owned Subsidiaries own or control, directly or indirectly, capital stock or any other equity interests representing 100% of the outstanding voting stock (or other means of electing a majority of the Board of Directors) or other equity interests.

ARTICLE VI

MISCELLANEOUS

Section 6.1 GOVERNING LAW. The interpretation and construction of this Agreement, and all matters relating hereto, shall be governed by the laws of the State of New York without regard to the conflict of laws provisions thereof.

Section 6.2 COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be

deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

Section 6.3 NOTICES. All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered in person or mailed, certified or registered mail with postage prepaid, or sent by telex, telegram or facsimile, as follows:

If to Alliance:

Alliance Capital Management L.P.
1345 Avenue of the Americas
New York, New York 10105

Facsimile No.: 212-554-4613

Attention: David R. Brewer, Jr.
Senior Vice President
and General Counsel

with a copy to: Myles R. Itkin
Senior Vice President and
Chief Financial Officer

If to OCBC:

Oversea-Chinese Banking
Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 0104

Facsimile No.: 65-533-8077

Attention: Elizabeth Sam
Senior Executive
Vice President

with a copy to: Than Aung
Senior Vice President & Company
Secretary/Legal Officer

If to Eastern:

Eastern Holdings Limited
50/F Hopewell Centre
183 Queen's Road East
Hong Kong

Facsimile No.: (852) 845 3439

Attention: Na Wu Beng
Chairman

or to such other Person or address as any party hereto shall specify in writing to each of the other parties. All such notices, requests, demands, waivers and communications shall be deemed to have been received on the first business day after the date of delivery unless if mailed, in which case on the seventh business day after the mailing thereof except for a notice of a change of address, which shall be effective only upon receipt thereof.

Section 6.4 PUBLIC ANNOUNCEMENTS. Prior to the Closing, Alliance and OCBC will consult with one another before issuing any press release or otherwise making any public statements with respect to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation or, after such consultation, if the other party is not reasonably satisfied with the text of such release or statement, except as may otherwise be required by Applicable Law.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in their respective names by a duly authorized and empowered person, all as of the day and year first above written.

ALLIANCE CAPITAL MANAGEMENT L.P.
By ALLIANCE CAPITAL MANAGEMENT
CORPORATION, its General Partner

By /s/ Dave Williams

Name: DAVE WILLIAMS
Title: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

OVERSEA-CHINESE BANKING CORPORATION
LIMITED

By /s/ Dr. Tony Tan Keng Yam

Name: DR. TONY TAN KENG YAM
Title: CHAIRMAN AND CHIEF EXECUTIVE OFFICE

EASTERN HOLDINGS LIMITED

By /s/ Benny Goh

Name: BENNY GOH
Title: DIRECTOR

EXHIBIT A

REGISTRATION RIGHTS

1. DEFINITIONS. Capitalized terms defined in the Agreement to which this Exhibit A is attached shall have the meanings set forth therein. In addition, the following capitalized terms shall have the following respective meanings:

EXCHANGE ACT - The United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

OCBC TRANSFEREE - As set forth in Section 10 hereof.

OFFICERS' CERTIFICATE - A certificate signed by the Chairman of the Board, the President, any Executive Vice President or any Senior Vice President of the General Partner.

PERSON - Any individual, corporation, partnership, trust, organization, association, governmental body or agency.

REGISTRABLE SECURITIES - The OCBC Units owned by any OCBC Person, any Units which may be issued or distributed in respect thereof by way of Unit subdivision or combination or otherwise, recapitalization, merger, consolidation or reclassification or other reorganization or otherwise. A Registrable Security shall cease to be a Registrable Security when: (i) a registration statement with respect to the sale of such security shall have become effective under the Securities Act and such security shall have been disposed of in accordance with such registration statement or any failure to so dispose of such security shall be attributable only to (x) reasons solely within the control of such OCBC Persons or (y) a failure of an underwriter or an OCBC Person under normal market conditions to locate a purchaser for such security; (ii) such security shall have been distributed to the public pursuant to Rule 144 (or any successor provision) under the Securities Act; or (iii) such security shall have been otherwise transferred, and a new certificate or new certificates for such security not bearing a legend

restricting further transfer shall have been delivered by Alliance in accordance with Section 3.5 of the Agreement.

REGISTRATION RIGHTS - The rights set forth in this Exhibit A.

2. DEMAND REGISTRATION. (a) After the expiration of the Holding Period, upon the proper written request of OCBC or any OCBC Transferee (provided that, such request by an OCBC Transferee may only be made with the prior written approval of OCBC at any time that any member of the OCBC Group owns any Registrable Securities) requesting that Alliance effect the registration under the Securities Act of all or part of the Registrable Securities owned by all OCBC Persons specified in such request and specifying the intended method of disposition thereof, but subject to the limitations set forth herein, Alliance will promptly (but in no event more than five business days after the receipt of such request) give written notice of such requested registration to all OCBC Transferees, if any, other than a requesting OCBC Transferee, and Alliance shall file with the Commission as promptly as practicable after sending such notice, and use its best efforts to cause to become effective, a registration statement under the Securities Act registering the offering and sale of:

(i) the Registrable Securities which Alliance has been so requested to register by such OCBC Person, and

(ii) all other Registrable Securities which Alliance has been requested to register by any other OCBC Person by written request given to Alliance within 30 days after the giving of such written notice by Alliance (which request shall specify the intended method of disposition of such Registrable Securities),

all to the extent necessary to permit the disposition (in accordance with the intended method thereof as aforesaid) of the Registrable Securities so to be registered (a "Demand Registration"); PROVIDED, that Alliance shall not be obligated to file a registration statement pursuant to this Section 2(a), (i) with respect to more than an aggregate of two registrations, (ii) less than six months after a previous registration statement filed pursuant to this Section 2(a)

has been declared effective, (iii) with respect to Registrable Securities which, as of the date of receipt of the written request to register, have an aggregate market value of less than \$15,000,000 or (iv) if all, but not less than all, of the Registrable Securities requested to be registered could, on the date of such request, be disposed of by the owners thereof pursuant to Rule 144 under the Securities Act. For purposes of the preceding sentence, references to "market value" of securities that are listed for trading on the New York Stock Exchange shall be the market value based on the closing price on the New York Stock Exchange on the applicable date.

(b) If the OCBC Person so elects (provided that such election, including the choice of underwriter from the list referred to below, may only be made with the prior written approval of OCBC at any time that any member of the OCBC Group owns any Registrable Securities), a requested registration pursuant to this Section 2 shall be in the form of an underwritten offering through the underwriters represented by one or more lead underwriters of national reputation selected by OCBC or the requesting OCBC Transferee, as the case may be, from a list of at least four underwriters prepared by Alliance. If a requested registration pursuant to this Section 2 involves an underwritten offering and any lead underwriter advises Alliance in writing that, in its opinion, the number of securities requested to be included in such registration (including securities of Alliance which are not Registrable Securities) exceeds the number which can be sold in such offering without a significant adverse effect on the price, timing or distribution of the Registrable Securities offered, Alliance will (subject to the last sentence of this paragraph) include in such registration only the Registrable Securities requested to be included in such registration. In the event that the number of Registrable Securities requested to be included in such registration exceeds the number which, in the opinion of any lead underwriter, can be sold without a significant adverse effect on the price, timing or distribution of the Registrable Securities offered, then Alliance will include in such registration the number of Registrable Securities which, in the opinion of each lead underwriter, can be sold, such number to be allocated by OCBC or, if no member of the OCBC Group owns any Registrable Securities, by the requesting OCBC Transferee, pro rata among

all OCBC Persons desiring to sell Registrable Securities pursuant to the Registration Statement on the basis of the relative number of shares of Registrable Securities then held by each such OCBC Person (provided that any allocation to any such OCBC Person that exceeds the Registrable Securities such OCBC Person desires to include in the registration statement shall be reallocated among the remaining such OCBC Persons in like manner). In the event that the number of Registrable Securities requested to be included in such registration is less than the number which, in the opinion of any lead underwriter, can be sold without a significant adverse effect on the price, timing or distribution of the Registrable Securities offered, Alliance may include in such registration the securities Alliance or any other holder of Alliance's securities proposes to sell up to the number of securities that, in the opinion of each lead underwriter, can be sold without an adverse effect on the price, timing or distribution of the Registrable Securities offered.

(c) Alliance shall be entitled to postpone for a reasonable period of time (not to exceed one hundred twenty (120) days, which may not thereafter be extended) the filing of any registration statement otherwise required to be prepared and filed by it pursuant to Section 2(a) hereof if, at the time it receives a request for such registration, the Board of Directors of the General Partner determines in good faith that such offering will materially interfere with a pending or contemplated financing, merger, sale of assets, recapitalization or other significant action of Alliance, in which case Alliance shall have furnished an Officers' Certificate to that effect to OCBC (if any OCBC Units held in the OCBC Group are to be included in such registration) and to all OCBC Transferees which hold OCBC Units to be included in such registration; PROVIDED, that Alliance shall not exercise the right to postpone registration pursuant to this Section 2(c) more than once in any 12 month period. After such period of postponement Alliance shall effect such registration as promptly as practicable without further request from the holders of Registrable Securities, unless the request for registration has been withdrawn.

3. PIGGY-BACK REGISTRATION. (a) If Alliance shall at any time after expiration of the Holding Period propose to file a registration statement under the Securities Act for an offering of Units of Alliance of the same class as

the OCBC Units for cash (other than an offering relating to (i) a business combination that is to be filed on Form S-4 under the Securities Act (or any successor form thereto) or (ii) an employee benefit plan), Alliance shall provide prompt written notice of such proposal, in any event, not less than 20 days before the anticipated filing date, to OCBC (if any member of the OCBC Group owns any Registrable Securities) and to all OCBC Transferees of its intention to do so. Alliance shall use its best efforts to include such number of Registrable Securities in such registration statement which Alliance is requested to register by OCBC or any OCBC Transferee (a "Piggy-back Registration"), which request shall be made to Alliance within 15 days after such OCBC Persons receive notice from Alliance of such proposed registration; PROVIDED, that (i) if, at any time after giving written notice of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, Alliance shall determine for any reason not to register such securities, Alliance may, at its election, give written notice of such determination to OCBC (if any member of the OCBC Group owns any Registrable Securities) and to all OCBC Transferees and, thereupon, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the registration expenses referred to in Section 6 incurred in connection therewith), and (ii) if such registration involves an underwritten offering, all holders of Registrable Securities requesting to be included in Alliance's registration must sell their Registrable Securities to the underwriters selected by Alliance on the same terms and conditions as apply to Alliance, with such differences, including any with respect to indemnification and liability insurance, as may be customary or appropriate in combined primary and secondary offerings. Any OCBC Person submitting a request pursuant to this Section 3 to include Registrable Securities in a registration may elect, by written notice no later than seven days prior to the anticipated effective date of the registration statement filed in connection with such registration, not to have such securities registered in connection with such registration. In the event that any notice described in the previous sentence is given to Alliance, the OCBC Person giving such notice will bear all incremental costs incurred by Alliance in connection with such registration resulting from the

inclusion of the Registrable Securities that were not so registered.

(b) If a registration pursuant to this Section 3 involves an underwritten offering and a lead underwriter advises Alliance in writing that, in its opinion, the number of securities to be included in such registration exceeds the number which can be sold in such offering without an adverse effect on the price, timing or distribution of such offering, then the number of securities which all holders of Alliance's securities (including OCBC Persons) have requested to be included in such registration pursuant to this Section 3 or pursuant to "piggy-back" registration rights similar to those set forth in this Section 3 shall be reduced as necessary pro rata in proportion to the relative number of securities requested by each such holder to be included until the number of securities to be included in such registration no longer exceeds the number which can be sold in such offering.

(c) No registration effected under this Section 3 shall be deemed to have been effected pursuant to Section 2 hereof or shall release Alliance of its obligation to effect any registration upon request under Section 2 hereof.

4. NO INCONSISTENT AGREEMENTS. Alliance will not enter into any agreement with respect to its securities which conflicts with the obligations of Alliance pursuant to these Registration Rights.

5. REGISTRATION PROCEDURES. Whenever any Registrable Securities are to be registered pursuant to Section 2 or 3 of these Registration Rights, Alliance will use its best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto Alliance will as expeditiously as reasonably possible:

(a) prepare and file with the Commission as soon as practicable but not later than 120 days after a receipt of a request to file such registration statement, a registration statement with respect to such Registrable Securities on a registration form appropriate for such registration and use its best efforts to cause such registration statement to become effective; provided that before filing a registration

statement or prospectus or any amendments or supplements thereto, Alliance will furnish to OCBC if it is requesting registration, and to any OCBC Transferee requesting registration, pursuant to Section 2 or 3 of these Registration Rights and the underwriters, if any, draft copies of all such documents proposed to be filed; if such requested registration is pursuant to Section 2 of these Registration Rights, such documents shall be so furnished a reasonable time prior to the filing thereof and will be subject to the reasonable review of such OCBC Persons, the underwriters, if any, and their respective agents and representatives and Alliance will not file any such registration statement or amendment thereto or any prospectus or any supplement thereto (including such documents incorporated by reference) to which any such OCBC Person shall reasonably object;

(b) notify the OCBC Persons requesting such registration or their United States counsel, if any, identified by written notice to Alliance as representing them in connection with such registration and (if requested) confirm such advice in writing, as soon as practicable after notice thereof is received by Alliance (i) when the registration statement or any amendment thereto has been filed or becomes effective, and when the prospectus or any amendment or supplement to the prospectus has been filed, (ii) of any request by the Commission for amendments or supplements to the registration statement or the prospectus or for additional information, (iii) of any stop order issued or threatened by the Commission in connection therewith, (iv) if at any time prior to the effectiveness of the registration statement or while Registrable Securities are being sold thereunder the representations and warranties of Alliance contemplated by Section 8 cease to be true and correct, and (v) of the receipt by Alliance of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any United States jurisdiction or the initiation or threatening of any proceeding for such purpose;

(c) prepare and file with the Commission such amendments, post-effective amendments and supplements to such registration statement and the prospectus used in

connection therewith as may be necessary to keep such registration statement effective for a period of not less than 90 days (or such shorter period which will terminate when all Registrable Securities covered by such registration statement have been sold or withdrawn, but not prior to the expiration of the applicable period referred to in Section 4(3) of the Securities Act and Rule 174 thereunder, if applicable), cause the prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Securities Act, and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement;

(d) furnish to each OCBC Person requesting such registration and the underwriter or underwriters, if any, without charge, one signed copy and such number of conformed copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus) and any amendments or supplements thereto, any documents incorporated by reference therein and such other documents as any such OCBC Person or such underwriter may reasonably request to facilitate the disposition of the Registrable Securities (it being understood that Alliance consents to the use of the prospectus (including the preliminary prospectus) and any amendment or supplement thereto by the OCBC Persons selling Registrable Securities pursuant to such registration statement and the underwriter or underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by the prospectus or any amendment or supplement thereto);

(e) use its reasonable best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such United States jurisdictions as the OCBC Persons requesting such registration reasonably request and do any and all other acts and things that may reasonably be necessary or advisable to enable the OCBC Persons selling Registrable

Securities pursuant to such registration statement to consummate the disposition in such jurisdictions of the Registrable Securities owned by such OCBC Persons (provided that Alliance will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph, (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction);

(f) notify the OCBC Persons requesting such registration, at any time when a prospectus relating to such Registrable Securities is required to be delivered under the Securities Act, of the occurrence of any event as a result of which the prospectus included in such registration statement (as then in effect) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and, as promptly as possible thereafter, prepare and file with the Commission a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(g) make generally available to its security holders an earnings statement satisfying the provisions of Section 11(a) of the Securities Act no later than 60 days after the end of the 12-month period beginning with the first day of Alliance's first fiscal quarter commencing after the effective date of the registration statement, which earnings statement shall cover said 12-month period, and which requirement will be deemed to be satisfied if Alliance timely files complete and accurate information on Forms 10-Q, 10-K and 8-K under the Exchange Act and otherwise complies with Rule 158 under the Securities Act as soon as possible;

(h) use its best efforts to cause all such Registrable Securities to be listed or admitted for trading on the principal securities exchange or

quotation system on which securities issued by Alliance that are of the same class as the Registrable Securities are then listed or admitted;

(i) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(j) to the extent necessary to enable the indicated Persons to comply with their respective obligations under the Securities Act, make available for inspection by any OCBC Person requesting such registration, any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such OCBC Person or underwriter all financial and other records, pertinent corporate documents and properties of Alliance, and cause Alliance's officers, directors, employees and independent certified public accountants to supply all such information reasonably requested by any such OCBC Person, underwriter, attorney, accountant or agent in connection with such registration statement;

(k) obtain a "cold comfort" letter and updates thereof from Alliance's independent public accountants in customary form and covering such matters of the type customarily covered by "cold comfort" letters; and

(l) if underwriters are engaged in connection with any registration referred to in these Registration Rights, Alliance shall enter into underwriting or other agreements providing indemnification, representations, covenants, opinions and other assurance to the underwriters in customary form and covering matters of the type customarily covered in such underwriting or other agreements.

Alliance may require each OCBC Person desiring to sell Registrable Securities pursuant to a registration pursuant to Section 2 or 3 to furnish to Alliance such information regarding the distribution of such securities and such other information relating to such OCBC Person and its ownership of Registrable Securities as Alliance may from time to time reasonably request in writing. Each such OCBC Person

shall furnish such information to Alliance and to cooperate with Alliance as necessary to enable Alliance to comply with the provisions of these Registration Rights.

Upon receipt of any notice from Alliance of the happening of any event of the kind described in subsection (f) of this Section 5, the OCBC Persons selling Registrable Securities will forthwith discontinue disposition of the Registrable Securities until receipt of the copies of the supplemented or amended prospectus contemplated by subsection (f) of this Section 5 or until the OCBC Persons requesting such registration are advised in writing (the "Advice") by Alliance that the use of the prospectus may be resumed, and have received copies of any additional or supplemental filings which are incorporated by reference in the prospectus and, if so directed by Alliance, such OCBC Persons will deliver to Alliance (at Alliance's expense) all copies, other than permanent file copies then in each such OCBC Person's possession of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event that Alliance shall give any such notice, the period mentioned in the subsection (c) of this Section 5 shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each OCBC Person shall have received the copies of the supplemented or amended prospectus contemplated by subsection (f) of this Section 5 or the Advice.

6. REGISTRATION EXPENSES. (a) All expenses incident to Alliance's performance of or compliance with these Registration Rights including, without limitation, all Commission and securities exchange or NASD registration and filing fees, fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), rating agency fees, printing expenses, messenger and delivery expenses, internal expenses (including without limitation, all salaries and expenses of Alliance's officers and employees performing legal or accounting duties), the fees and expenses incurred in connection with the listing of the securities to be registered, if any, on the principal securities exchange on which similar securities issued by Alliance are then listed and reasonable fees and disbursement of counsel for Alliance

and its independent certified public accountants (including the expenses of any special audit or "cold comfort" letters required by or incident to such performance), Securities Act liability insurance (if Alliance elects to obtain such insurance), the reasonable fees and expenses of any special experts retained by Alliance in connection with such registration, reasonable fees and expenses of one (but not more than one) counsel and accountant with respect to all OCBC Persons incurred in connection with each registration hereunder (but not including any underwriting fees, discounts or commissions attributable to the sale of Registrable Securities which shall be paid by OCBC Persons) and any reasonable out-of-pocket expenses of OCBC Persons (all such expenses being herein called "Registration Expenses") will be borne by Alliance.

(b) Notwithstanding anything to the contrary in the immediately preceding paragraph, in connection with (i) a Demand Registration pursuant to Section 2 hereof occurring after expiration of the Holding Period and (ii) a Piggy-back Registration pursuant to Section 3 hereof, the OCBC Persons requesting such registration shall be responsible for the fees and expenses of their own counsel and accountants and other out-of-pocket expenses of OCBC Persons incurred in connection with such registration.

7. TERM. For so long as any OCBC Person owns any of the Registrable Securities, the rights and obligations of OCBC and such OCBC Person under these Registration Rights shall remain in effect.

8. UNDERWRITTEN OFFERINGS. (a) Any OCBC Person (provided that, such demand may only be made with the prior written approval of OCBC at any time that OCBC or any of its Affiliates owns any Registrable Securities) may require that any registration pursuant to Section 2 be an underwritten registration. In the event such a registration is an underwritten offering, Alliance will enter into an underwriting agreement with the lead underwriter or underwriters for such offering, which lead underwriter or underwriters shall be selected in the manner set forth in Section 2(b) and which underwriting agreement shall be in customary form as described in Section 5(1). OCBC Persons selling Registrable Securities in such offering shall be party to such underwriting agreement and may require that any

or all of the representations and warranties by, and the other agreements on the part of, Alliance to and for the benefit of such underwriters shall also be made to and for the benefit of such OCBC Persons and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such OCBC Persons.

(b) No OCBC Person may participate in any registration hereunder that is underwritten unless such OCBC Person (a) agrees to sell such OCBC Person's securities on the basis provided in any underwriting arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

9. INDEMNIFICATION. (a) In connection with any offering of Registrable Securities pursuant to Section 2 or 3 hereof, Alliance shall indemnify, to the fullest extent permitted by law, each OCBC Person whose Registrable Securities are sold in such offering, each of their officers and directors and each person who controls such OCBC Person (within the meaning of the Securities Act) against all losses, claims, damages, liabilities and expenses (including reasonable attorney's fees and expenses) imposed upon or incurred by such indemnified person arising out of or based upon any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto under which such Registrable Securities were registered under the Securities Act or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in light of the circumstances in which they were made, except insofar as such untrue statement or alleged untrue statement or omission or alleged omission was (i) made in such registration statement, preliminary prospectus, prospectus, amendment or supplement in reliance upon any written information furnished in writing to Alliance or its attorneys, accountants or representatives, by such OCBC Person for use therein or (ii) made in any preliminary prospectus that is corrected in the prospectus (or any amendment or supplement thereto).

(b) Each OCBC Person whose Registrable Securities are sold in any offering pursuant to Section 2 or 3 hereof, severally but not jointly agrees (except that all OCBC Persons who are members of the OCBC Group severally and jointly agree with respect to the obligations of any such member under this Section 9(b)) to indemnify, to the fullest extent permitted by law, Alliance, the other OCBC Persons whose Registrable Securities are sold in such offering, their respective officers, directors and employees and each other person, if any, who controls Alliance or such other OCBC Persons (within the meaning of the Securities Act) against all losses, claims, damages, liabilities and expenses (including attorney's fees) caused by any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto under which such Registrable Securities were registered under the Securities Act or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in such registration statement, preliminary prospectus, prospectus, amendment or supplement in reliance upon any written information furnished in writing to Alliance or its attorneys, accountants or representatives by the OCBC Person expressly for use therein. In no event shall the liability of any OCBC Person hereunder be an amount greater than the dollar amount of the proceeds received by such OCBC Person upon the sale of the Registrable Securities giving rise to such indemnification obligation (or, in the case of any such OCBC Person who is a member of the OCBC Group, an amount equal to the aggregate of all such proceeds of all such members).

(c) Each indemnified party shall give prompt notice to each indemnifying party of any action threatened or commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability which it may have otherwise than on account of the indemnity agreement provided in this Section 9. In case of any notice under this indemnity agreement with respect to any loss, liability, claim, damage or expense with respect to any claim made against an indemnified person, the indemnifying party shall

be entitled to participate at its own expense in the defense, or if it so elects within a reasonable time after receipt of such notice, jointly with any other indemnifying party similarly notified, to assume the defense of any such claim; but if it so elects to assume the defense, such defense shall be conducted by counsel chosen by the indemnifying party and approved by the indemnified party, whose approval may not be unreasonably denied. If the indemnifying party does not elect within a reasonable time after receipt of such notice to assume the defense of any such claim, the indemnified party shall be entitled to assume the control of such defense, in which case the reasonable fees and expenses incurred by such indemnified party in the conduct of such defense, including the reasonable fees and expenses of counsel, shall be reimbursed by the indemnifying party as the same are incurred from time to time by such indemnified party. If the indemnifying party elects to assume the defense and retain such counsel, the indemnified party shall bear the reasonable fees and expenses of any additional counsel thereafter retained by such indemnified party; PROVIDED, HOWEVER, that such indemnified party shall have the right to employ counsel to represent it or any person who controls it who may be subject to liability arising out of any action in respect of which indemnity may be sought against the indemnifying party if, in the reasonable judgment of the indemnified party's counsel, there may be a conflict of interest between the indemnifying party and the indemnified party or such control person, in which event the reasonable fees and expenses of appropriate separate counsel shall be borne by the indemnifying party. In no event shall an indemnifying party be liable for the fees and expenses of more than one counsel for an indemnified party (in addition to local counsel) in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

(d) If the indemnification provided for in this Section 9 from the indemnifying party is unavailable to any indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is

appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action; PROVIDED, HOWEVER, that in no event shall the amount contributed by any OCBC Person hereunder be an amount greater than the dollar amount of the proceeds received by such OCBC Person upon the sale of the Registrable Securities giving rise to such contribution obligation. The amount paid or payable by a party under this Section 9 as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any reasonable legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 9(d) were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to herein.

10. OCBC TRANSFEREES. Any Person, other than a member of the OCBC Group, acquiring from a member of the OCBC Group any Registrable Securities, except for transferees acquiring Registrable Securities in an offering registered under the Securities Act or in a sale made pursuant to Rule 144 under the Securities Act, may elect, within 30 days of the date of the transfer to it of such Registrable Securities, to become entitled to these Registration Rights by sending written notification of such election to Alliance and OCBC (each such person, upon such election and so long as it holds Registrable Securities, being herein called an "OCBC Transferee"). Each such OCBC Transferee shall be bound by the terms of these Registration Rights and shall hold such Registrable Securities with all the rights conferred, and subject to all obligations and restrictions imposed, hereby.

11. COVENANTS RELATING TO RULE 144. Alliance covenants that it shall use its best efforts to file the reports required to be filed by it under the Exchange Act and the rules and regulations of the Commission thereunder for so long as Alliance is obligated to file such reports (or, if Alliance ceases to be required to file such reports, it shall, upon the request of OCBC or any OCBC Transferee, make publicly available other information so that Rule 144 shall be available to OCBC Persons, and it shall, if feasible, take such further action as OCBC or any OCBC Transferee may reasonably request, all to the extent required from time to time to enable OCBC Persons to sell Registrable Securities without registration under the Securities Act within the limitation of the exemption provided by (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (b) any similar rules or regulations hereafter adopted by the Commission. Upon the request of OCBC or any OCBC Transferee, Alliance shall deliver to such OCBC Person a written statement as to whether it has complied with such requirements.

[Form of Opinion of Seward & Kissel]

Capitalized terms used herein shall have the meanings assigned to such terms in the Unit Purchase Agreement.

1. Alliance is a limited partnership organized under the Delaware Revised Uniform Limited Partnership Act, as amended, validly existing and in good standing under the laws of the State of Delaware. Alliance has the power and authority to execute and deliver the Unit Purchase Agreement, to perform its obligations thereunder, and to consummate the transactions contemplated thereby. The execution and delivery of the Unit Purchase Agreement and the consummation of the transactions contemplated thereby have been duly authorized by all requisite action by Alliance and the General Partner, and, assuming due authorization, execution and delivery by the other parties thereto, the Unit Purchase Agreement constitutes the valid and legally binding obligation of Alliance, enforceable against Alliance in accordance with its terms, subject to the qualification that the enforceability of Alliance's obligations thereunder may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors rights and to general principles of equity regardless of whether enforceability is considered in a proceeding in equity or at law.

2. The execution and delivery by Alliance of the Unit Purchase Agreement and the consummation of the transactions contemplated thereby will not: (i) conflict with or result in any breach of any provision of the Limited Partnership Agreement, (ii) to the knowledge of such counsel, conflict with or result in any breach of or default under any provision of any material contract, agreement or investment of any kind to which Alliance is a party or by which Alliance or any of its assets or properties is bound or (iii) result in any conflict with New York, Delaware or United States federal law.

3. Except for the approval of the New York Stock Exchange of the listing of the OCBC Units, which has been given subject only to official notice of issuance, and any Consent or Governmental Approval which has been obtained, no

Consent or Governmental Approval is required to be obtained by Alliance in connection with the execution and delivery by Alliance of the Unit Purchase Agreement, the performance of its obligations thereunder, and the consummation of the transactions contemplated thereby.

4. The OCBC Units to be issued to Eastern at the Closing have been duly authorized and, when issued to Eastern pursuant to the Unit Purchase Agreement, will be validly issued, free and clear of any liens, encumbrances, equities or claims. Subject only to the provisions of Applicable Law, Eastern, as holder of such OCBC Units, will have no liability to Alliance or any of its creditors. The issuance of the OCBC Units to Eastern is not subject to preemptive rights of any partner in, or any Affiliate or creditor of, Alliance or any other person. The issuance and delivery of the OCBC Units by Alliance do not and will not conflict with or breach any term or provision of or constitute a default under the Limited Partnership Agreement or the certificate of limited partnership, or, to the knowledge of such counsel, any other material agreement or instrument to which Alliance is a party or by which any of Alliance's properties is bound or any applicable New York, Delaware or United States federal law, rule, regulation, judgment, order or decree of any government, governmental agency or instrumentality or court having jurisdiction over Alliance or any of its properties.

5. Subject to and in reliance upon the representation given in Section 3.1 of the Unit Purchase Agreement, the issuance of the OCBC Units by Alliance pursuant to the Unit Purchase Agreement will be exempt from registration under the Securities Act.

In rendering the opinion set forth in paragraph 4 above with respect to matters of Delaware law we have, with your approval, expressed our opinion in reliance upon the opinion of Morris, Nichols, Arsht & Tunnell, dated the date hereof and attached to this opinion. Our opinion in paragraph 2 as to matters of Delaware law is subject to the same assumptions and qualifications as set forth in the opinion of Morris, Nichols, Arsht & Tunnell.

[Form of Opinion of White & Case]

Capitalized terms used herein shall have the meanings assigned to such terms in the Unit Purchase Agreement.

1. Alliance is a limited partnership organized under the Delaware Revised Uniform Limited Partnership Act, as amended, validly existing and in good standing under the laws of the State of Delaware. Alliance has the power and authority to execute and deliver the Unit Purchase Agreement, to perform its obligations thereunder, and to consummate the transactions contemplated thereby. The execution and delivery of the Unit Purchase Agreement and the consummation of the transactions contemplated thereby have been duly authorized by all requisite action by Alliance and the General Partner, and, assuming due authorization, execution and delivery by the other parties thereto, the Unit Purchase Agreement constitutes the valid and legally binding obligation of Alliance, enforceable against Alliance in accordance with its terms, subject to the qualification that the enforceability of Alliance's obligations thereunder may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors rights and to general principles of equity regardless of whether enforceability is considered in a proceeding in equity or at law.

2. The OCBC Units to be issued to Eastern at the Closing have been duly authorized and, when issued to Eastern pursuant to the Unit Purchase Agreement, will be validly issued, free and clear of any liens, encumbrances, equities or claims. The issuance and delivery of the OCBC Units by Alliance do not and will not conflict with or breach any term or provision of or constitute a default under the Limited Partnership Agreement or the certificate of limited partnership.

3. Subject to and in reliance upon the representation given in Section 3.1 of the Unit Purchase Agreement, the issuance of the OCBC Units by Alliance pursuant to the Unit Purchase Agreement will be exempt from registration under the Securities Act.