

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

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

For the Fiscal Year Ended December 31, 2013

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 number 000-29961

ALLIANCEBERNSTEIN L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

13-4064930
(I.R.S. Employer Identification No.)

1345 Avenue of the Americas, New York, N.Y.
(Address of principal executive offices)

10105
(Zip Code)

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

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

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

Title of Class	Name of each exchange on which registered
units of limited partnership interest	None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check one):

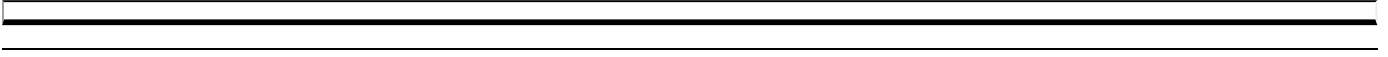
Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of units of limited partnership interest outstanding as of December 31, 2013 was 268,373,419.

DOCUMENTS INCORPORATED BY REFERENCE

This Form 10-K does not incorporate any document by reference.



<u>Glossary of Certain Defined Terms</u>		ii
Part I		
Item 1.	<u>Business</u>	1
Item 1A.	<u>Risk Factors</u>	15
Item 1B.	<u>Unresolved Staff Comments</u>	22
Item 2.	<u>Properties</u>	22
Item 3.	<u>Legal Proceedings</u>	23
Item 4.	<u>Mine Safety Disclosures</u>	23
Part II		
Item 5.	<u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	24
Item 6.	<u>Selected Financial Data</u>	26
Item 7.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	27
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	48
Item 8.	<u>Financial Statements and Supplementary Data</u>	50
Item 9.	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	90
Item 9A.	<u>Controls and Procedures</u>	90
Item 9B.	<u>Other Information</u>	90
Part III		
Item 10.	<u>Directors, Executive Officers and Corporate Governance</u>	91
Item 11.	<u>Executive Compensation</u>	100
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	117
Item 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	122
Item 14.	<u>Principal Accounting Fees and Services</u>	124
Part IV		
Item 15.	<u>Exhibits, Financial Statement Schedules</u>	125
<u>Signatures</u>		127

Glossary of Certain Defined Terms

“**AllianceBernstein**” – AllianceBernstein L.P. (Delaware limited partnership formerly known as Alliance Capital Management L.P., “**Alliance Capital**”), the operating partnership, and its subsidiaries and, where appropriate, its predecessors, Holding and ACMC, Inc. and their respective subsidiaries.

“**AllianceBernstein Partnership Agreement**” – the Amended and Restated Agreement of Limited Partnership of AllianceBernstein, dated as of October 29, 1999 and as amended February 24, 2006.

“**AllianceBernstein Units**” – units of limited partnership interest in AllianceBernstein.

“**AXA**” – AXA (*société anonyme* organized under the laws of France), the holding company for an international group of insurance and related financial services companies engaged in the financial protection and wealth management businesses. AXA’s operations are diverse geographically, with major operations in Western Europe, North America and the Asia/Pacific regions and, to a lesser extent, in other regions including the Middle East and Africa. AXA has five operating business segments: life and savings, property and casualty, international insurance, asset management and other financial services.

“**AXA Equitable**” – AXA Equitable Life Insurance Company (New York stock life insurance company), a subsidiary of AXA Financial, and its subsidiaries other than AllianceBernstein and its subsidiaries.

“**AXA Financial**” – AXA Financial, Inc. (Delaware corporation), a subsidiary of AXA.

“**Bernstein Transaction**” – on October 2, 2000, AllianceBernstein’s acquisition of the business and assets of SCB Inc., formerly known as Sanford C. Bernstein Inc., and assumption of the liabilities of that business.

“**Exchange Act**” – the Securities Exchange Act of 1934, as amended.

“**ERISA**” – the Employee Retirement Income Security Act of 1974, as amended.

“**General Partner**” – AllianceBernstein Corporation (Delaware corporation), the general partner of AllianceBernstein and Holding and a subsidiary of AXA Equitable, and, where appropriate, ACMC, LLC, its predecessor.

“**Holding**” – AllianceBernstein Holding L.P. (Delaware limited partnership).

“**Holding Partnership Agreement**” – the Amended and Restated Agreement of Limited Partnership of Holding, dated as of October 29, 1999 and as amended February 24, 2006.

“**Holding Units**” – units representing assignments of beneficial ownership of limited partnership interests in Holding.

“**Investment Advisers Act**” – the Investment Advisers Act of 1940, as amended.

“**Investment Company Act**” – the Investment Company Act of 1940, as amended.

“**NYSE**” – the New York Stock Exchange, Inc.

“**Partnerships**” – AllianceBernstein and Holding together.

“**SEC**” – the United States Securities and Exchange Commission.

“**Securities Act**” – the Securities Act of 1933, as amended.

“**WPS Acquisition**” – on December 12, 2013, AllianceBernstein acquired W.P. Stewart & Co., Ltd. (“**WPS**”), a concentrated growth equity investment manager.

PART I

Item 1. Business

The words “**we**” and “**our**” in this Form 10-K refer collectively to AllianceBernstein and its subsidiaries, or to its officers and employees. Similarly, the words “**company**” and “**firm**” refer to AllianceBernstein. Cross-references are in italics.

We use “**global**” in this Form 10-K to refer to all nations, including the United States; we use “**international**” or “**non-U.S.**” to refer to nations other than the United States.

We use “**emerging markets**” in this Form 10-K to refer to countries included in the Morgan Stanley Capital International (“**MSCI**”) emerging markets index, which are, as of December 31, 2013, Brazil, Chile, China, Columbia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Malaysia, Mexico, Peru, the Philippines, Poland, Russia, South Africa, South Korea, Taiwan, Thailand and Turkey.

Clients

We provide research, diversified investment management and related services globally to a broad range of clients through three buy-side distribution channels, Institutions, Retail and Private Client, and our sell-side business, Bernstein Research Services. See “*Distribution Channels*” in this Item 1 for additional information.

As of December 31, 2013, 2012 and 2011, our client assets under management (“**AUM**”) were \$450 billion, \$430 billion and \$406 billion, respectively, and our net revenues for the years ended December 31, 2013, 2012 and 2011 were \$2.9 billion, \$2.7 billion and \$2.7 billion, respectively. AXA, our parent company, and its subsidiaries, whose AUM consist primarily of fixed income investments, together constitute our largest client. Our affiliates represented approximately 23%, 25% and 23% of our AUM as of December 31, 2013, 2012 and 2011, respectively, and we earned approximately 5%, 4% and 4% of our net revenues from services we provided to our affiliates in 2013, 2012 and 2011, respectively. See “*Distribution Channels*” below and “*Assets Under Management*” and “*Net Revenues*” in Item 7 for additional information regarding our AUM and net revenues.

Generally, we are compensated for our investment services principally on the basis of investment advisory and services fees calculated as a percentage of AUM. For additional information about our investment advisory and services fees, including performance-based fees, see “*Risk Factors*” in Item 1A and “*Net Revenues – Investment Advisory and Services Fees*” in Item 7.

Research

Our high-quality, in-depth research is the foundation of our business. We believe that our global team of research professionals, whose disciplines include economic, fundamental equity, fixed income and quantitative research, gives us a competitive advantage in achieving investment success for our clients. We also have experts focused on multi-asset strategies, wealth management and alternatives. The breadth of our research expertise is reflected in the range of products and investment solutions we offer to our clients, which we discuss below in “*Investment Services*”.

Investment Services

Our investment services include:

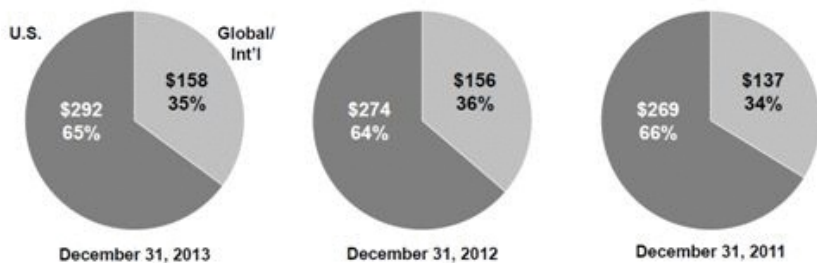
- Actively-managed equity strategies, including style-pure (e.g., value and growth) and absolute return-focused strategies;
- Actively-managed traditional and unconstrained fixed income strategies, including taxable and tax-exempt strategies;
- Passive management, including index and enhanced index strategies;
- Alternative investments, including hedge funds, fund of funds and private equity (e.g., direct real estate investing); and
- Multi-asset services and solutions, including dynamic asset allocation, customized target-date and target-risk funds, and other strategies tailored to help clients meet their investment goals.

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

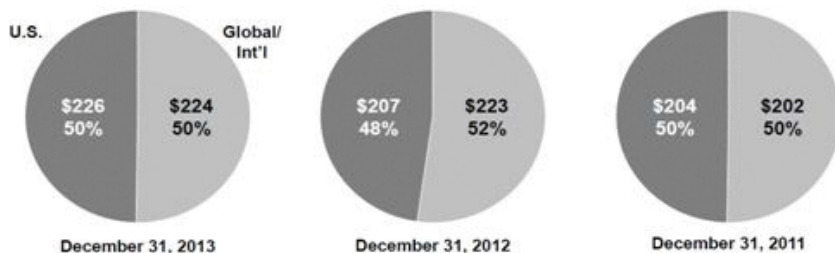
[Table of Contents](#)

Our AUM by client domicile and investment service as of December 31, 2013, 2012 and 2011 were as follows:

By Client Domicile (\$ in billions):



By Investment Service (\$ in billions):



Distribution Channels

Institutions

To our institutional clients, which include private and public pension plans, foundations and endowments, insurance companies, central banks and governments worldwide, and various of our affiliates, we offer separately-managed accounts, sub-advisory relationships, structured products, collective investment trusts, mutual funds, hedge funds and other investment vehicles (“**Institutional Services**”).

We manage the assets of our institutional clients pursuant to written investment management agreements or other arrangements, all of which generally are terminable at any time or upon relatively short notice by either party. In general, our written investment management agreements may not be assigned without client consent. For information about our institutional investment advisory and services fees, including performance-based fees, see “*Risk Factors*” in *Item 1A* and “*Net Revenues – Investment Advisory and Services Fees*” in *Item 7*.

AXA and its subsidiaries together constitute our largest institutional client. Their AUM accounted for approximately 31%, 35% and 31% of our institutional AUM as of December 31, 2013, 2012 and 2011, respectively, and approximately 22%, 17% and 13% of our institutional revenues for 2013, 2012 and 2011, respectively. No single institutional client other than AXA and its subsidiaries accounted for more than approximately 1% of our net revenues for the year ended December 31, 2013.

[Table of Contents](#)

As of December 31, 2013, 2012 and 2011, Institutional Services represented approximately 50%, 51% and 55%, respectively, of our AUM, and the fees we earned from providing these services represented approximately 15%, 18% and 22% of our net revenues for 2013, 2012 and 2011, respectively. Our institutional AUM and revenues are as follows:

Institutional Services Assets Under Management
(by Investment Service)

	December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in millions)				
Equity Actively Managed:					
U.S.	\$ 8,438	\$ 5,748	\$ 12,855	46.8%	(55.3)%
Global & Non-US	21,100	25,797	44,637	(18.2)	(42.2)
Total	29,538	31,545	57,492	(6.4)	(45.1)
Equity Passively Managed⁽¹⁾:					
U.S.	14,111	11,494	11,050	22.8	4.0
Global & Non-US	6,555	6,131	3,432	6.9	78.6
Total	20,666	17,625	14,482	17.3	21.7
Total Equity	50,204	49,170	71,974	2.1	(31.7)
Fixed Income Taxable:					
U.S.	81,823	90,727	83,426	(9.8)	8.8
Global & Non-US	58,647	53,841	44,866	8.9	20.0
Total	140,470	144,568	128,292	(2.8)	12.7
Fixed Income Tax-Exempt:					
U.S.	1,611	1,385	1,046	16.3	32.4
Global & Non-US	—	—	—	—	—
Total	1,611	1,385	1,046	16.3	32.4
Fixed Income Passively Managed⁽¹⁾:					
U.S.	63	62	—	1.6	—
Global & Non-US	194	334	238	(41.9)	40.3
Total	257	396	238	(35.1)	66.4
Total Fixed Income	142,338	146,349	129,576	(2.7)	12.9
Other⁽²⁾:					
U.S.	1,211	471	2,240	157.1	(79.0)
Global & Non-US	32,237	23,829	20,084	35.3	18.6
Total	33,448	24,300	22,324	37.6	8.9
Total:					
U.S.	107,257	109,887	110,617	(2.4)	(0.7)
Global & Non-US	118,733	109,932	113,257	8.0	(2.9)
Total	\$ 225,990	\$ 219,819	\$ 223,874	2.8	(1.8)
Affiliated	\$ 69,619	\$ 77,569	\$ 69,071	(10.2)	12.3
Non-affiliated	156,371	142,250	154,803	9.9	(8.1)
Total	\$ 225,990	\$ 219,819	\$ 223,874	2.8	(1.8)

(1) Includes index and enhanced index services.

(2) Includes asset allocation services and certain other alternative investments.

Revenues from Institutional Services
(by Investment Service)

	Years Ended December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in thousands)				
Equity Actively Managed:					
U.S.	\$ 48,327	\$ 43,400	\$ 71,657	11.4%	(39.4)%
Global & Non-US	98,553	143,163	307,707	(31.2)	(53.5)
Total	146,880	186,563	379,364	(21.3)	(50.8)
Equity Passively Managed⁽¹⁾:					
U.S.	2,720	2,334	2,139	16.5	9.1
Global & Non-US	5,359	5,533	5,212	(3.1)	6.2
Total	8,079	7,867	7,351	2.7	7.0
Total Equity	154,959	194,430	386,715	(20.3)	(49.7)
Fixed Income Taxable:					
U.S.	96,138	95,139	87,388	1.1	8.9
Global & Non-US	117,228	105,139	96,756	11.5	8.7
Total	213,366	200,278	184,144	6.5	8.8
Fixed Income Tax-Exempt:					
U.S.	1,992	1,543	1,847	29.1	(16.5)
Global & Non-US	—	—	—	—	—
Total	1,992	1,543	1,847	29.1	(16.5)
Fixed Income Passively Managed⁽¹⁾:					
U.S.	76	78	83	(2.6)	(6.0)
Global & Non-US	227	54	122	320.4	(55.7)
Total	303	132	205	129.5	(35.6)
Fixed Income Servicing⁽²⁾:					
U.S.	14,038	8,911	17,346	57.5	(48.6)
Global & Non-US	1,602	4,370	948	(63.3)	361.0
Total	15,640	13,281	18,294	17.8	(27.4)
Total Fixed Income	231,301	215,234	204,490	7.5	5.3
Other⁽³⁾:					
U.S.	11,952	46,400	13,511	(74.2)	243.4
Global & Non-US	39,896	28,651	10,813	39.2	165.0
Total	51,848	75,051	24,324	(30.9)	208.5
Total Investment Advisory and Services Fees:					
U.S.	175,243	197,805	193,971	(11.4)	2.0
Global and International	262,865	286,910	421,558	(8.4)	(31.9)
	438,108	484,715	615,529	(9.6)	(21.3)
Distribution Revenues	305	574	662	(46.9)	(13.3)
Shareholder Servicing Fees	533	362	596	47.2	(39.3)
Total	\$ 438,946	\$ 485,651	\$ 616,787	(9.6)	(21.3)
Affiliated	\$ 96,729	\$ 82,930	\$ 82,965	16.6	—
Non-affiliated	342,217	402,721	533,822	(15.0)	(24.6)
Total	\$ 438,946	\$ 485,651	\$ 616,787	(9.6)	(21.3)

(1) Includes index and enhanced index services.

(2) Fixed Income Servicing includes advisory-related services fees not based on AUM, including derivative transaction fees, capital purchase program related advisory services and other fixed income advisory services.

(3) Includes asset allocation services and certain other alternative services.

Retail

We provide investment management and related services to a wide variety of individual retail investors, both in the U.S. and internationally, through retail mutual funds we sponsor, mutual fund sub-advisory relationships, separately-managed account programs (*see below*), and other investment vehicles (“**Retail Products and Services**”).

We distribute our Retail Products and Services through financial intermediaries, including broker-dealers, insurance sales representatives, banks, registered investment advisers and financial planners. These products and services include open-end and closed-end funds that are either (i) registered as investment companies under the Investment Company Act (“**U.S. Funds**”), or (ii) not registered under the Investment Company Act and generally not offered to United States persons (“**Non-U.S. Funds**” and, collectively with the U.S. Funds, “**AllianceBernstein Funds**”). They also include separately-managed account programs, which are sponsored by financial intermediaries and generally charge an all-inclusive fee covering investment management, trade execution, asset allocation, and custodial and administrative services. In addition, we provide distribution, shareholder servicing, transfer agency services and administrative services for our Retail Products and Services. *See “Net Revenues – Investment Advisory and Services Fees” in Item 7* for information about our retail investment advisory and services fees. *See Note 2 to our consolidated financial statements in Item 8* for a discussion of the commissions we pay to financial intermediaries in connection with the sale of open-end AllianceBernstein Funds.

Fees paid by the U.S. Funds are reflected in the applicable investment management agreement, which generally must be approved annually by the boards of directors or trustees of those funds, including by a majority of the independent directors or trustees. Increases in these fees must be approved by fund shareholders; decreases need not be, including any decreases implemented by a fund’s directors or trustees. In general, each investment management agreement with the U.S. Funds provides for termination by either party at any time upon 60 days’ notice.

Fees paid by Non-U.S. Funds are reflected in investment management agreements that continue until they are terminated. Increases in these fees generally must be approved by the relevant regulatory authority, depending on the domicile and structure of the fund, and Non-U.S. Fund shareholders must be given advance notice of any fee increases.

The mutual funds we sub-advise for AXA and its subsidiaries together constitute our largest retail client. They accounted for approximately 23%, 20% and 20% of our retail AUM as of December 31, 2013, 2012 and 2011, respectively, and approximately 2%, 3% and 3% of our retail net revenues for 2013, 2012 and 2011, respectively.

Certain subsidiaries of AXA, including AXA Advisors, LLC (“**AXA Advisors**”), a subsidiary of AXA Financial, were responsible for approximately 2%, 4% and 1% of total sales of shares of open-end AllianceBernstein Funds in 2013, 2012 and 2011, respectively. During 2013, UBS AG was responsible for approximately 12% of our open-end AllianceBernstein Fund sales. Neither our affiliates nor UBS AG are under any obligation to sell a specific amount of AllianceBernstein Fund shares and each also sells shares of mutual funds that it sponsors and that are sponsored by unaffiliated organizations. No other entity accounted for 10% or more of our open-end AllianceBernstein Fund sales.

Most open-end U.S. Funds have adopted a plan under Rule 12b-1 of the Investment Company Act that allows the fund to pay, out of assets of the fund, distribution and service fees for the distribution and sale of its shares (“**Rule 12b-1 Fees**”). The open-end U.S. Funds have entered into such agreements with us, and we have entered into selling and distribution agreements pursuant to which we pay sales commissions to the financial intermediaries that distribute our open-end U.S. Funds. These agreements are terminable by either party upon notice (generally 30 days) and do not obligate the financial intermediary to sell any specific amount of fund shares.

As of December 31, 2013, retail U.S. Fund AUM were approximately \$47 billion, or 31% of retail AUM, as compared to \$45 billion, or 31%, as of December 31, 2012, and \$41 billion, or 36%, as of December 31, 2011. Non-U.S. Fund AUM, as of December 31, 2013, totaled \$56 billion, or 36% of retail AUM, as compared to \$60 billion, or 42%, as of December 31, 2012, and \$35 billion, or 31%, as of December 31, 2011.

[Table of Contents](#)

As of December 31, 2013, 2012 and 2011, our Retail Services represented approximately 34%, 34% and 28% of our AUM, and the fees we earned from providing these services represented approximately 47%, 44% and 40% of our net revenues for the years ended December 31, 2013, 2012 and 2011, respectively. Our retail AUM and revenues are as follows:

Retail Services Assets Under Management
(by Investment Service)

	December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in millions)				
Equity Actively Managed:					
U.S.	\$ 27,656	\$ 17,738	\$ 16,328	55.9%	8.6%
Global & Non-US	13,997	16,415	19,435	(14.7)	(15.5)
Total	41,653	34,153	35,763	22.0	(4.5)
Equity Passively Managed ⁽¹⁾ :					
U.S.	21,514	16,716	15,705	28.7	6.4
Global & Non-US	6,615	5,491	2,933	20.5	87.2
Total	28,129	22,207	18,638	26.7	19.1
Total Equity	69,782	56,360	54,401	23.8	3.6
Fixed Income Taxable:					
U.S.	4,597	2,738	2,438	67.9	12.3
Global & Non-US	56,304	65,990	42,829	(14.7)	54.1
Total	60,901	68,728	45,267	(11.4)	51.8
Fixed Income Tax-Exempt:					
U.S.	8,243	8,532	6,384	(3.4)	33.6
Global & Non-US	14	—	—	—	—
Total	8,257	8,532	6,384	(3.2)	33.6
Fixed Income Passively Managed ⁽¹⁾ :					
U.S.	4,531	2,385	1,422	90.0	67.7
Global & Non-US	4,179	4,730	3,082	(11.6)	53.5
Total	8,710	7,115	4,504	22.4	58.0
Total Fixed Income	77,868	84,375	56,155	(7.7)	50.3
Other ⁽²⁾ :					
U.S.	3,208	1,981	968	61.9	104.6
Global & Non-US	2,132	1,676	1,081	27.2	55.0
Total	5,340	3,657	2,049	46.0	78.5
Total:					
U.S.	69,749	50,090	43,245	39.2	15.8
Global & Non-US	83,241	94,302	69,360	(11.7)	36.0
Total	\$ 152,990	\$ 144,392	\$ 112,605	6.0	28.2
Affiliated	\$ 35,194	\$ 28,535	\$ 22,561	23.3	26.5
Non-affiliated	117,796	115,857	90,044	1.7	28.7
Total	\$ 152,990	\$ 144,392	\$ 112,605	6.0	28.2

(1) Includes index and enhanced index services.

(2) Includes asset allocation services and certain other alternative investments.

Revenues from Retail Services
(by Investment Service)

	Years Ended December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in thousands)				
Equity Actively Managed:					
U.S.	\$ 134,312	\$ 92,422	\$ 93,664	45.3%	(1.3)%
Global & Non-US	96,337	114,221	164,776	(15.7)	(30.7)
Total	230,649	206,643	258,440	11.6	(20.0)
Equity Passively Managed ⁽¹⁾ :					
U.S.	12,570	13,862	12,950	(9.3)	7.0
Global & Non-US	8,298	3,780	1,898	119.5	99.2
Total	20,868	17,642	14,848	18.3	18.8
Total Equity	251,517	224,285	273,288	12.1	(17.9)
Fixed Income Taxable:					
U.S.	16,074	13,252	10,715	21.3	23.7
Global & Non-US	483,171	405,209	327,433	19.2	23.8
Total	499,245	418,461	338,148	19.3	23.8
Fixed Income Tax-Exempt:					
U.S.	35,993	28,906	22,124	24.5	30.7
Global & Non-US	78	—	—	—	—
Total	36,071	28,906	22,124	24.8	30.7
Fixed Income Passively Managed ⁽¹⁾ :					
U.S.	5,445	3,485	1,578	56.2	120.8
Global & Non-US	9,012	7,389	5,210	22.0	41.8
Total	14,457	10,874	6,788	33.0	60.2
Total Fixed Income	549,773	458,241	367,060	20.0	24.8
Other ⁽²⁾ :					
U.S.	13,879	7,829	1,457	77.3	437.3
Global & Non-US	9,785	7,698	2,255	27.1	241.4
Total	23,664	15,527	3,712	52.4	318.3
Total Investment Advisory and Services Fees:					
U.S.	218,273	159,756	142,488	36.6	12.1
Global and International	606,681	538,297	501,572	12.7	7.3
	824,954	698,053	644,060	18.2	8.4
Distribution Revenues	461,944	406,467	356,895	13.6	13.9
Shareholder Servicing Fees	89,472	88,375	91,606	1.2	(3.5)
Total	\$ 1,376,370	\$ 1,192,895	\$ 1,092,561	15.4	9.2
Affiliated	\$ 43,264	\$ 31,089	\$ 31,301	39.2	(0.7)
Non-affiliated	1,333,106	1,161,806	1,061,260	14.7	9.5
Total	\$ 1,376,370	\$ 1,192,895	\$ 1,092,561	15.4	9.2

(1) Includes index and enhanced index services.

(2) Includes asset allocation services and certain other alternative investments.

Private Client

To our private clients, which include high-net-worth individuals and families, trusts and estates, charitable foundations, partnerships, private and family corporations, and other entities (including most institutions for which we manage accounts with less than \$25 million in AUM), we offer separately-managed accounts, hedge funds, mutual funds and other investment vehicles (“**Private Client Services**”).

Private client accounts generally are managed pursuant to a written investment advisory agreement among the client, AllianceBernstein and Sanford C. Bernstein & Co., LLC (one of our subsidiaries, “**SCB LLC**”), which agreement usually is terminable at any time or upon relatively short notice by any party. In general, these agreements may not be assigned without the consent of the client. For information about our private client investment advisory and services fees, including performance-based fees, see “*Risk Factors*” in *Item 1A* and “*Net Revenues – Investment Advisory and Services Fees*” in *Item 7*.

As of December 31, 2013, 2012 and 2011, Private Client Services represented approximately 16%, 15% and 17%, respectively, of our AUM, and the fees we earned from providing these services represented approximately 20%, 21% and 24% of our net revenues for 2013, 2012 and 2011, respectively. Our private client AUM and revenues are as follows:

Private Client Services Assets Under Management
(by Investment Service)

	December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in millions)				
Equity Actively Managed:					
U.S.	\$ 21,620	\$ 16,506	\$ 17,626	31.0%	(6.4)%
Global & Non-US	15,003	13,222	13,461	13.5	(1.8)
Total	36,623	29,728	31,087	23.2	(4.4)
Equity Passively Managed ⁽¹⁾ :					
U.S.	83	67	57	23.9	17.5
Global & Non-US	397	371	352	7.0	5.4
Total	480	438	409	9.6	7.1
Total Equity	37,103	30,166	31,496	23.0	(4.2)
Fixed Income Taxable:					
U.S.	7,468	8,962	9,499	(16.7)	(5.7)
Global & Non-US	2,128	1,755	1,808	21.3	(2.9)
Total	9,596	10,717	11,307	(10.5)	(5.2)
Fixed Income Tax-Exempt:					
U.S.	18,843	20,835	22,564	(9.6)	(7.7)
Global & Non-US	2	—	193	—	(100.0)
Total	18,845	20,835	22,757	(9.6)	(8.4)
Fixed Income Passively Managed ⁽¹⁾ :					
U.S.	11	31	—	(64.5)	—
Global & Non-US	357	355	112	0.6	217.0
Total	368	386	112	(4.7)	244.6
Total Fixed Income	28,809	31,938	34,176	(9.8)	(6.5)
Other ⁽²⁾ :					
U.S.	1,375	804	367	71.0	119.1
Global & Non-US	4,144	2,898	3,379	43.0	(14.2)
Total	5,519	3,702	3,746	49.1	(1.2)
Total:					
U.S.	49,400	47,205	50,113	4.6	(5.8)
Global & Non-US	22,031	18,601	19,305	18.4	(3.6)
Total	\$ 71,431	\$ 65,806	\$ 69,418	8.5	(5.2)

(1) Includes index and enhanced index services.

(2) Includes asset allocation services and certain other alternative investments.

Revenues From Private Client Services
(by Investment Service)

	Years Ended December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in thousands)				
Equity Actively Managed:					
U.S.	\$ 211,926	\$ 209,263	\$ 247,708	1.3%	(15.5)%
Global & Non-US	153,064	149,732	179,274	2.2	(16.5)
Total	364,990	358,995	426,982	1.7	(15.9)
Equity Passively Managed ⁽¹⁾ :					
U.S.	316	65	204	386.2	(68.1)
Global & Non-US	1,799	1,666	1,323	8.0	25.9
Total	2,115	1,731	1,527	22.2	13.4
Total Equity	367,105	360,726	428,509	1.8	(15.8)
Fixed Income Taxable:					
U.S.	44,260	48,905	52,351	(9.5)	(6.6)
Global & Non-US	13,029	12,319	10,748	5.8	14.6
Total	57,289	61,224	63,099	(6.4)	(3.0)
Fixed Income Tax-Exempt:					
U.S.	104,867	117,035	121,021	(10.4)	(3.3)
Global & Non-US	18	—	—	—	—
Total	104,885	117,035	121,021	(10.4)	(3.3)
Fixed Income Passively Managed ⁽¹⁾ :					
U.S.	88	26	15	238.5	73.3
Global & Non-US	3,105	1,184	688	162.2	72.1
Total	3,193	1,210	703	163.9	72.1
Total Fixed Income	165,367	179,469	184,823	(7.9)	(2.9)
Other ⁽²⁾ :					
U.S.	12,699	9,593	2,727	32.4	251.8
Global & Non-US	40,872	31,919	31,670	28.0	0.8
Total	53,571	41,512	34,397	29.0	20.7
Total Investment Advisory and Services Fees:					
U.S.	374,156	384,887	424,026	(2.8)	(9.2)
Global and International	211,887	196,820	223,703	7.7	(12.0)
Total	586,043	581,707	647,729	0.7	(10.2)
Distribution Revenues	3,175	2,447	3,165	29.8	(22.7)
Shareholder Servicing Fees	2,140	1,637	1,203	30.7	36.1
Total	\$ 591,358	\$ 585,791	\$ 652,097	1.0	(10.2)

(1) Includes index and enhanced index services.

(2) Includes asset allocation services and certain other alternative investments.

Bernstein Research Services

We offer high-quality fundamental research, quantitative services and brokerage-related services in equities and listed options to institutional investors such as pension fund, hedge fund and mutual fund managers, and other institutional investors (“**Bernstein Research Services**”). We serve our clients, which are based in the United States, Europe, Asia, the Middle East and Canada, through various subsidiaries, including SCB LLC, Sanford C. Bernstein Limited and Sanford C. Bernstein (Hong Kong) Limited (collectively, “**SCB**”). Our sell-side analysts, who provide fundamental company and industry research along with quantitative research into securities valuation and factors affecting stock-price movements, are consistently among the highest ranked research analysts in industry surveys conducted by third-party organizations.

We earn revenues for providing investment research to, and executing brokerage transactions for, institutional clients. These clients compensate us principally by directing SCB to execute brokerage transactions on their behalf, for which we earn commissions. These services accounted for approximately 15%, 15% and 16% of our net revenues for the years ended December 31, 2013, 2012 and 2011, respectively.

For information regarding trends in fee rates charged for brokerage transactions, see “*Risk Factors*” in *Item 1A*.

Our Bernstein Research Services revenues are as follows:

Revenues From Bernstein Research Services

	Years Ended December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in thousands)				
Bernstein Research Services	\$ 445,083	\$ 413,707	\$ 437,414	7.6%	(5.4)%

Custody

SCB LLC acts as custodian for the majority of our private client AUM and some of our institutional AUM. Other custodial arrangements are maintained by client-designated banks, trust companies, brokerage firms or custodians.

Employees

As of December 31, 2013, our firm had 3,295 full-time employees, representing a 0.7% decrease compared to the end of 2012. We consider our employee relations to be good.

Service Marks

We have registered a number of service marks with the U.S. Patent and Trademark Office and various foreign trademark offices, including the combination of an “AB” design logo with the mark “AllianceBernstein”.

In connection with the Bernstein Transaction, we acquired all of the rights and title in, and to, the Bernstein service marks, including the mark “Bernstein”.

In connection with the WPS Acquisition, we acquired all of the rights and title in, and to, the WPS service marks, including the logo “WPSTEWART”. See “*W.P. Stewart*” in *this Item 1* for information regarding the WPS Acquisition.

Regulation

Virtually all aspects of our business are subject to various federal and state laws and regulations, rules of various securities regulators and exchanges, and laws in the foreign countries in which our subsidiaries conduct business. These laws and regulations primarily are intended to protect clients and fund shareholders and generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with such laws and regulations. Possible sanctions that may be imposed include the suspension of individual employees, limitations on engaging in business for specific periods, the revocation of the registration as an investment adviser or broker-dealer, censures and fines.

AllianceBernstein, Holding, the General Partner and six of our subsidiaries (SCB LLC, AllianceBernstein Global Derivatives Corporation (“**Global Derivatives**”), Alliance Corporate Finance Group Incorporated, WPS, WPS Advisors, Inc. and W.P. Stewart Asset Management Ltd.) are registered with the SEC as investment advisers under the Investment Advisers Act. Also, Holding is an NYSE-listed company and, accordingly, is subject to applicable regulations promulgated by the NYSE. In addition, AllianceBernstein, SCB LLC and Global Derivatives are registered with the Commodity Futures Trading Commission (“**CFTC**”) as commodity pool operators and commodity trading advisers; SCB LLC also is registered with the CFTC as a futures commissions merchant.

[Table of Contents](#)

Each U.S. Fund is registered with the SEC under the Investment Company Act and each Non-U.S. Fund is subject to the laws in the jurisdiction in which the fund is registered. For example, our platform of Luxembourg-based Funds operates pursuant to Luxembourg laws and regulations, including Collective Investment in Transferable Securities Directives, and is authorized and supervised by the Commission de Surveillance du Secteur Financier (“**CSSF**”), the primary regulator in Luxembourg. AllianceBernstein Investor Services, Inc. (“**ABIS**”), one of our subsidiaries, is registered with the SEC as a transfer and servicing agent.

SCB LLC and AllianceBernstein Investments, Inc. (another of our subsidiaries, “**AllianceBernstein Investments**”), are registered with the SEC as broker-dealers, and both are members of the Financial Industry Regulatory Authority. In addition, SCB LLC is a member of the NYSE and other principal U.S. exchanges.

Many of our subsidiaries are subject to the oversight of regulatory authorities in the jurisdictions outside the United States where they operate, including the Financial Conduct Authority in the U.K., the CSSF in Luxembourg, the Financial Services Agency in Japan, the Securities & Futures Commission in Hong Kong, the Monetary Authority of Singapore, the Financial Services Commission in Korea and the Financial Supervisory Commission in Taiwan. While these regulatory requirements often may be comparable to the requirements of the SEC and other U.S. regulators, they are sometimes more restrictive and may cause us to incur substantial expenditures of time and money in our efforts to comply.

Iran Threat Reduction and Syria Human Rights Act

AllianceBernstein, Holding and their global subsidiaries had no transactions or activities requiring disclosure under the Iran Threat Reduction and Syria Human Rights Act (“**Iran Act**”), nor were they involved in the AXA Group matters *described immediately below*.

The non-U.S. based subsidiaries of AXA operate in compliance with applicable laws and regulations of the various jurisdictions where they operate, including applicable international (United Nations and European Union) laws and regulations. While AXA Group companies based and operating outside the United States generally are not subject to U.S. law, as an international group, AXA has in place policies and standards (including the AXA Group International Sanctions Policy) that apply to all AXA Group companies worldwide and often impose requirements that go well beyond local law. For additional information regarding AXA, see “*Principal Security Holders*” in *Item 12*.

AXA has reported to us that 14 insurance policies underwritten by one of AXA’s European insurance subsidiaries, AXA France IARD, that were in-force at times during 2013 (two of which were in-force during the fourth quarter of 2013) potentially come within the scope of the disclosure requirements of the Iran Act. Each of these insurance policies relates to property and casualty insurance (homeowners, auto, accident, liability and/or fraud policies) covering property located in France where the insured is a company or other entity that may have direct or indirect ties to the Government of Iran, including Iranian entities designated under Executive Orders 13224 and 13382. AXA France IARD is a French company, based in Paris, which is licensed to operate in France. The annual aggregate revenue AXA derived from these 14 policies is approximately \$22,000 and the related net profit, which is difficult to calculate with precision, is estimated to be \$11,000.

AXA France IARD has ten additional insurance policies that were originally written in previous years that remained in effect throughout 2013 and may require reporting. These policies involve auto or property insurance provided to companies or other entities that may have direct or indirect ties to the Government of Iran, including Iranian entities designated under Executive Orders 13224 and 13382. The annual aggregate revenue AXA derived from all ten policies is approximately \$12,000 and the related net profit, which is difficult to calculate with precision, is estimated to be \$6,000.

Also, AXA has informed us that AXA Konzern AG, an AXA European insurance subsidiary, provides property insurance to MCS International GmbH (“**MCS**”). MCS was designated a Specially Designated National (“**SDN**”) with the identifier [IRAN] by the Office of Foreign Assets Control (“**OFAC**”) during the second quarter of 2013, after the insurance policy had been completed. The premium received by AXA in respect of this insurance policy is approximately \$15,000 and the related net profit, which is difficult to calculate with precision, is estimated to be \$8,000.

As of the date of this report, AXA France IARD and AXA Konzern AG have taken actions necessary to terminate coverage under all 25 of the above-referenced insurance policies.

Additionally, AXA has reported to us that an insurance policy (“**Swiss Policy**”) underwritten by another of AXA’s European insurance subsidiaries, AXA Winterthur, that was in-force during the first quarter of 2013 potentially comes within the scope of the disclosure requirements of the Iran Act. AXA Winterthur is a Swiss company, based in Winterthur, Switzerland, and is licensed to operate in Switzerland.

The Swiss Policy relates to insurance provided to the International Road Transport Union (“**IRU**”), a nongovernmental organization based in Geneva which, among other things, acts as the implementing partner of the Transports Internationaux Routiers Customs Transit System (“**TIR System**”) under mandate of the United Nations. The TIR System is an international harmonized system of customs control that facilitates trade and transport by TIR Carnets, which are customs transit documents used to prove the existence of the international guarantee for duties and taxes for the goods transported under the TIR System, with the IRU guaranteeing payment to the contracting countries. The TIR Convention includes more than 70 contracting countries, including the United States, each member of the European Union and many other countries, including Iran.

During the first quarter of 2013, AXA Winterthur provided global cover to the IRU insuring it against financial losses that the IRU may incur if a carrier fails to pay the duty charges under the terms of a TIR Carnet. Under this policy, AXA Winterthur guaranteed duty payments on behalf of the IRU to the TIR national transport associations in each of the more than 70 participating countries, which includes Iran’s TIR System national transport association (the Iran Chamber of Commerce Industry Mines and Agriculture). The annual premium received by AXA in respect of this insurance policy, only a small portion of which related to Iran, is approximately \$884,000 and the related net profit, which is difficult to calculate with precision, is estimated to be \$442,000. AXA Winterthur has restructured coverage under the Swiss Policy to specifically exclude Iran and notified the IRU accordingly.

Lastly, AXA has informed us about a pension contract in place between a subsidiary in Hong Kong, AXA China Region Trustees Limited (“**AXA CRT**”), and Hong Kong Intertrade Ltd (“**HKIL**”), an entity that OFAC has designated an SDN with the identifier [IRAN]. There is only one employee of HKIL (“**Employee**”) enrolled in this pension contract, who himself also has been designated an SDN with the identifier [IRAN]. The pension contract with HKIL was entered into, and the enrollment of the Employee took place, in May 2012. HKIL was first designated an SDN in July 2012 and the Employee was first designated an SDN in May 2013. The pension contract remains in place, but AXA CRT is discussing with local authorities its ability to terminate the contract. In 2013, the pension contributions received under this pension contract totaled approximately \$7,800 and the related net profit, which is difficult to calculate with precision, is estimated to be \$3,900.

The aggregate premium during 2013 for the above-referenced pension contract and 26 insurance policies was approximately \$940,800, representing approximately 0.0008% of AXA’s consolidated revenues, which are in excess of \$100 billion. The related net profit, which is difficult to calculate with precision, is estimated to be \$470,900, representing approximately 0.0008% of AXA’s aggregate net profit.

History and Structure

We have been in the investment research and management business for more than 40 years. Alliance Capital was founded in 1971 when the investment management department of Donaldson, Lufkin & Jenrette, Inc. (since November 2000, a part of Credit Suisse Group) merged with the investment advisory business of Moody’s Investor Services, Inc. Bernstein was founded in 1967.

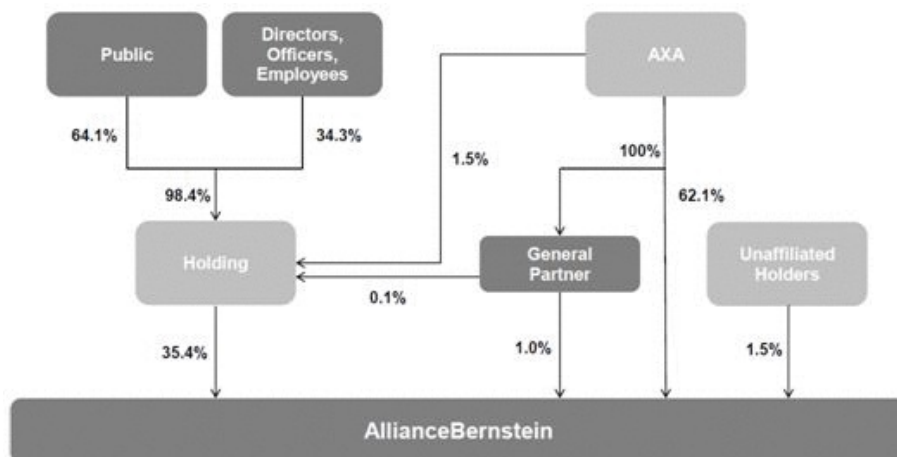
In April 1988, Holding “went public” as a master limited partnership. Holding Units, which trade under the ticker symbol “AB”, have been listed on the NYSE since that time.

In October 1999, Holding reorganized by transferring its business and assets to AllianceBernstein, a newly-formed operating partnership, in exchange for all of the AllianceBernstein Units (“**Reorganization**”). Since the date of the Reorganization, AllianceBernstein has conducted the business formerly conducted by Holding and Holding’s activities have consisted of owning AllianceBernstein Units and engaging in related activities. Unlike Holding Units, AllianceBernstein Units do not trade publicly and are subject to significant restrictions on transfer. The General Partner is the general partner of both AllianceBernstein and Holding.

In October 2000, our two legacy firms, Alliance Capital and Bernstein, combined, bringing together Alliance Capital’s expertise in growth equity and corporate fixed income investing, and its family of retail mutual funds, with Bernstein’s expertise in value equity and tax-exempt fixed income management, and its private client and Bernstein Research Services businesses. For additional details about this business combination, *see Note 2 to our consolidated financial statements in Item 8.*

[Table of Contents](#)

As of December 31, 2013, the condensed ownership structure of AllianceBernstein is as follows (for a more complete description of our ownership structure, see "Principal Security Holders" in Item 12):



The ownership of Holding by AllianceBernstein directors, officers and employees decreased to 34.3% as of December 31, 2013 from 42.2% as of December 31, 2012, with a corresponding increase in public ownership. This decrease reflects our retirement, since July 1, 2013, of all unallocated Holding Units in AllianceBernstein's consolidated rabbi trust (which Holding Units were considered held by directors, officers and employees), partially offset by the Holding Units we newly issued in December 2013 to help fund obligations under our incentive compensation award program (for additional information, see Note 2 in our consolidated financial statements in Item 8).

The General Partner owns 100,000 general partnership units in Holding and a 1% general partnership interest in AllianceBernstein. Including these general partnership interests, AXA, through certain of its subsidiaries (see "Principal Security Holders" in Item 12), had an approximate 63.7% economic interest in AllianceBernstein as of December 31, 2013.

Competition

We compete in all aspects of our business with numerous investment management firms, mutual fund sponsors, brokerage and investment banking firms, insurance companies, banks, savings and loan associations, and other financial institutions that often provide investment products that have similar features and objectives as those we offer. Our competitors offer a wide range of financial services to the same customers that we seek to serve. Some of our competitors are larger, have a broader range of product choices and investment capabilities, conduct business in more markets, and have substantially greater resources than we do. These factors may place us at a competitive disadvantage, and we can give no assurance that our strategies and efforts to maintain and enhance our current client relationships, and create new ones, will be successful.

In addition, AXA and its subsidiaries provide financial services, some of which compete with those we offer. The AllianceBernstein Partnership Agreement specifically allows AXA and its subsidiaries (other than the General Partner) to compete with AllianceBernstein and to exploit opportunities that may be available to us. AXA, AXA Financial, AXA Equitable and certain of their respective subsidiaries have substantially greater financial resources than we do and are not obligated to provide resources to us.

To grow our business, we must be able to compete effectively for AUM. Key competitive factors include:

- our investment performance for clients;
- our commitment to place the interests of our clients first;
- the quality of our research;
- our ability to attract, motivate and retain highly skilled, and often highly specialized, personnel;
- the array of investment products we offer;
- the fees we charge;
- Morningstar/Lipper rankings for the AllianceBernstein Funds;
- our operational effectiveness;
- our ability to further develop and market our brand; and
- our global presence.

Competition is an important risk that our business faces and should be considered along with the other risk factors we discuss *in Item 1A below*.

Available Information

We file or furnish annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to such reports, and other reports (and amendments thereto) required to comply with federal securities laws, including Section 16 beneficial ownership reports on Forms 3, 4 and 5, registration statements and proxy statements. We maintain an Internet site (<http://www.alliancebernstein.com>) where the public can view these reports, free of charge, as soon as reasonably practicable after each report is filed with, or furnished to, the SEC. In addition, the SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

W.P. Stewart

On December 12, 2013, we acquired WPS, an equity investment manager that managed, as of December 12, 2013, approximately \$2.1 billion in U.S., Global, and Europe, Australasia (Australia and New Zealand) and Far East (“**EAFE**”) concentrated growth equity strategies for its clients, primarily in the U.S. and Europe. On the date of the WPS Acquisition, each of approximately 4.9 million outstanding shares of WPS common stock (other than certain specified shares, as previously disclosed in Amendment No. 2 to Form S-4 filed by AllianceBernstein on November 8, 2013) was converted into the right to receive \$12 per share and one transferable contingent value right (“**CVRs**”) entitling the holders to an additional \$4 per share cash payment if the Assets Under Management (as such term is defined in the Contingent Value Rights Agreement (“**CVR Agreement**”) dated as of December 12, 2013, a copy of which we filed as Exhibit 4.01 to this Form 10-K) in the acquired WPS investment services exceed \$5 billion on or before December 12, 2016, subject to measurement procedures and limitations set forth in the CVR Agreement. The foregoing description of the CVR Agreement does not purport to be complete and is qualified in its entirety by the full text of the CVR Agreement included as Exhibit 4.01 .

As of December 31, 2013, the Assets Under Management are approximately \$2.2 billion. *As noted above*, payment pursuant to the CVRs is triggered if Assets Under Management exceed \$5 billion on or prior to December 12, 2016, subject to certain measurement procedures and limitations. *See the definition of AUM Milestone in Exhibit 4.01* for additional information regarding the circumstances that trigger payment pursuant to the CVRs.

Management has determined that the AUM Milestone did not occur during the fourth quarter of 2013.

Item 1A. Risk Factors

Please consider this section along with the description of our business *in Item 1*, the competition section *immediately above* and our financial information *contained in Items 6, 7 and 8*. The majority of the risk factors discussed below directly affect AllianceBernstein. These risk factors also affect Holding because Holding's principal source of income and cash flow is attributable to its investment in AllianceBernstein. *See also "Cautions Regarding Forward-Looking Statements" in Item 7.*

Business-related Risks

Our revenues and results of operations depend on the market value and composition of our AUM, which can fluctuate significantly based on various factors, including many factors outside of our control.

We derive most of our revenues from investment advisory and services fees, which typically are calculated as a percentage of the value of AUM as of a specified date, or as a percentage of the value of average AUM for the applicable billing period, and vary with the type of investment service, the size of the account and the total amount of assets we manage for a particular client. The value and composition of our AUM can be adversely affected by several factors, including:

- **Our Investment Performance.** Our ability to achieve investment returns for clients that meet or exceed investment returns for comparable asset classes and competing investment services is a key consideration when clients decide to keep their assets with us or invest additional assets, and when a prospective client is deciding whether to invest with us. Poor investment performance, both in absolute terms and/or relative to peers and stated benchmarks, may result in clients withdrawing assets and in prospective clients choosing to invest with competitors.
- **Market Factors.** Reductions in stock and/or bond prices, such as those we experienced at times during 2013, particularly during June 2013 (largely due to investor anxiety over the direction of interests rates), cause the value of our AUM to decrease and may cause our clients to redeem their investments, which would further reduce our AUM and revenues. Additionally, increases in interest rates, particularly if rapid, as well as uncertainty pertaining to the future direction of interest rates, likely would decrease the total return of many bond investments due to lower market valuations of existing bonds. These factors could have a significant adverse effect on our revenues and results of operations as our AUM in fixed income investments have become a larger component of our AUM.
- **Client Preferences.** Generally, our clients may withdraw their assets at any time and on short notice. Also, changing market dynamics and investment trends, particularly with respect to retirement savings, may reduce interest in some of the investment products we offer, and/or clients and prospects may seek investment products that we may not currently offer, such as retail money market funds. Loss of, or decreases in, AUM may reduce our investment advisory and services fees and revenues.
- **Investing Trends.** Our fee rates vary significantly among the various investment products and services we offer to our clients. For example, we often earn higher fees from assets invested in our actively-managed equity services than in our actively-managed fixed income services or passive services. Also, we often earn higher fees from global and international services than we do from U.S. services (*see "Net Revenues" in Item 7* for additional information regarding our fee rates). An adverse change in the mix of the services we provide can have a material adverse effect on our investment advisory and services fees and revenues.
- **Service Changes.** We may be required to reduce our fee levels, restructure the fees we charge or adjust the services we offer to our clients because of, among other things, regulatory initiatives (whether industry-wide or specifically targeted), court decisions and competitive considerations. A reduction in fees would reduce our revenues.

A decrease in the value of our AUM, or a decrease in the amount of AUM we manage, or an adverse mix shift, can have a material adverse effect on our investment advisory and services fees and revenues. A reduction in revenues, without a commensurate reduction in expenses, would adversely affect our results of operations.

Our reputation could suffer if we are unable to deliver consistent, competitive investment performance.

Our business is based on the trust and confidence of our clients. Damage to our reputation can substantially reduce our AUM and impair our ability to maintain or grow our business.

Maintaining adequate liquidity for our general business needs depends on certain factors, including operating cash flows and our access to credit on reasonable terms.

Our financial condition is dependent on our cash flow from operations, which is subject to the performance of the capital markets, our ability to maintain and grow AUM and other factors beyond our control. Our ability to issue public or private debt on reasonable terms may be limited by adverse market conditions, our profitability, our creditworthiness as perceived by lenders and changes in government regulations, including tax rates and interest rates. Furthermore, our access to credit on reasonable terms is partially dependent on our firm's credit ratings.

Moody's Investors Service, Inc. downgraded AllianceBernstein's long-term credit rating in May 2013 and changed its outlook from negative to stable, while Standard & Poor's Ratings Service affirmed AllianceBernstein's long-term credit rating and revised their outlook to stable from negative in June 2013. Future changes in our credit ratings are possible and any downgrade to our ratings is likely to increase our borrowing costs and limit our access to the capital markets. If this occurs, we may be forced to incur unanticipated costs or revise our strategic plans, which could have a material adverse effect on our financial condition, results of operations and business prospects.

Our business is dependent on investment advisory agreements with clients, and selling and distribution agreements with various financial intermediaries and consultants, which, generally, are subject to termination or non-renewal on short notice.

We derive most of our revenues pursuant to written investment management agreements (or other arrangements) with institutional investors, mutual funds and private clients, and selling and distribution agreements with financial intermediaries that distribute AllianceBernstein Funds. Generally, the investment management agreements (and other arrangements), including our agreements with AXA and its subsidiaries (our largest client), are terminable at any time or upon relatively short notice by either party. The investment management agreements pursuant to which we manage the U.S. Funds must be renewed and approved by the Funds' boards of directors annually. A significant majority of the directors are independent. Consequently, there can be no assurance that the board of directors of each fund will approve the fund's investment management agreement each year, or will not condition its approval on revised terms that may be adverse to us. In addition, investors in AllianceBernstein Funds can redeem their investments without notice. Any termination of, or failure to renew, a significant number of these agreements, or a significant increase in redemption rates, could have a material adverse effect on our results of operations and business prospects.

Similarly, the selling and distribution agreements with securities firms, brokers, banks and other financial intermediaries (including our agreement with UBS AG, with respect to which UBS AG was responsible for approximately 12% of our open-end AllianceBernstein Fund sales in 2013) are terminable by either party upon notice (generally 30 days) and do not obligate the financial intermediary to sell any specific amount of fund shares. These intermediaries generally offer their clients investment products that compete with our products. In addition, certain institutional investors rely on consultants to advise them on choosing an investment adviser and, in previous years, some of our equities services have not been considered among the best choices by consultants. As a result, a number of investment consultants advised their clients to move their assets invested with us to other investment advisers, which contributed to significant net outflows in such years. This trend may continue. Also, our Private Client Services group relies on referrals from financial planners, registered investment advisers and other professionals. We cannot be certain that we will continue to have access to, or receive referrals from, these third parties. Loss of such access or referrals could have a material adverse effect on our results of operations and business prospects.

We may be unable to continue to attract, motivate and retain key personnel, and the cost to retain key personnel could put pressure on our operating margin.

Our business depends on our ability to attract, motivate and retain highly skilled, and often highly specialized, technical, managerial and executive personnel; there is no assurance that we will be able to do so.

The market for qualified research analysts, portfolio managers, financial advisors, traders and other professionals is extremely competitive and is characterized by frequent movement of these investment professionals among different firms. Portfolio managers and financial advisors often maintain strong, personal relationships with their clients so their departure may cause us to lose client accounts, which could have a material adverse effect on our results of operations and business prospects.

Also, a decline in revenues may limit our ability to pay our employees at competitive levels, and maintaining (or increasing) compensation without a revenue increase, in order to retain key personnel, may adversely affect our adjusted operating margin. As a result, we will continue to be vigilant about aligning our cost structure (including headcount) with our revenue base. For additional information regarding our compensation practices, see "*Compensation Discussion and Analysis*" in *Item 11*.

Performance-based fee arrangements with our clients cause greater fluctuations in our revenues.

We sometimes charge our clients performance-based fees, whereby we charge a base advisory fee and are eligible to earn an additional performance-based fee or incentive allocation that is calculated as either a percentage of absolute investment results or a percentage of investment results in excess of a stated benchmark over a specified period of time. Some performance-based fees include a high-watermark provision, which generally provides that if a client account underperforms relative to its performance target (whether absolute or relative to a specified benchmark), it must gain back such underperformance before we can collect future performance-based fees. Therefore, if we fail to achieve the performance target for a particular period, we will not earn a performance-based fee for that period and, for accounts with a high-watermark provision, our ability to earn future performance-based fees will be impaired.

We are eligible to earn performance-based fees on approximately 10% of the assets we manage for institutional clients and approximately 3% of the assets we manage for private clients (in total, approximately 6% of our AUM). If the percentage of our AUM subject to performance-based fees grows, seasonality and volatility of revenue and earnings are likely to become more significant. Our performance-based fees in 2013, 2012 and 2011 were \$53.6 million, \$66.6 million (including \$39.6 million pertaining to winding up the PPIP fund, *see "Net Revenues" in Item 7*), and \$16.5 million, respectively.

An impairment of goodwill may occur.

Determining whether an impairment of the goodwill asset exists requires management to exercise significant judgment. In addition, to the extent that securities valuations are depressed for prolonged periods of time and market conditions deteriorate, or if we experience significant net redemptions, our AUM, revenues, profitability and unit price may be adversely affected. Although the price of a Holding Unit is just one factor in the calculation of fair value, if current Holding Unit price levels decline significantly, reaching the conclusion that fair value exceeds carrying value will, over time, become more difficult. In addition, control premiums, industry earnings multiples and discount rates are impacted by economic conditions. As a result, subsequent impairment tests may occur more frequently and be based on more negative assumptions and future cash flow projections, and may result in an impairment of goodwill. An impairment may result in a material charge to our earnings. For additional information about our impairment testing, *see Item 7*.

We may engage in strategic transactions that could pose risks.

As part of our business strategy, we consider potential strategic transactions, including acquisitions, dispositions, consolidations, joint ventures and similar transactions, some of which may be material. These transactions, if undertaken, may involve a number of risks and present financial, managerial and operational challenges, including:

- adverse effects on our earnings if acquired intangible assets or goodwill become impaired;
- existence of unknown liabilities or contingencies that arise after closing; and
- potential disputes with counterparties.

Acquisitions also pose the risk that any business we acquire may lose customers or employees or could underperform relative to expectations. Additionally, the acquisition of investment personnel poses the risk that we may lose the AUM we expected to manage, which could adversely affect our results of operations. Furthermore, strategic transactions may require us to increase our leverage or, if we issue AllianceBernstein Units or Holding Units to fund an acquisition, would dilute the holdings of our existing Unitholders.

Because many of our subsidiary operations are located outside of the United States and have functional currencies other than the U.S. dollar, changes in exchange rates to the U.S. dollar affect our reported financial results from one period to the next.

Although significant portions of our net revenues and expenses, as well as our AUM, presently are derived from the United States, we have subsidiaries outside of the United States with functional currencies other than the U.S. dollar. As a result, fluctuations in exchange rates to the U.S. dollar affect our reported financial results from one period to the next. We may not be successful in our efforts to hedge our exposure to such fluctuations, which could have a negative effect on our reported financial results.

Our hedged and unhedged seed capital investments are subject to market risk. While we enter into various futures, forward and swap contracts to economically hedge certain of these investments, we also may be exposed to market risk and credit-related losses in the event of non-performance by counterparties to these derivative instruments.

We have a seed investment program for the purpose of sponsoring new products. As our new product launches have increased in recent years, so too has our use of seed capital for investment purposes. These seed capital investments are subject to market risk. Our risk management team oversees a seed hedging program that attempts to minimize this risk, subject to practical and cost considerations. Also, not all seed investments are deemed appropriate to hedge, and in those cases we are exposed to market risk. As a result, volatility in the capital markets may cause significant changes in our period-to-period financial and operating results.

We use various derivative instruments, including futures, forward and swap contracts, in conjunction with our seed hedging program. While in most cases broad market risks are hedged, our hedges are imperfect and some market risk remains. In addition, our use of derivatives results in counterparty risk (*i.e.*, the risk that we may be exposed to credit-related losses in the event of non-performance by counterparties to these derivative instruments), regulatory risk (*e.g.*, short selling restrictions) and cash/synthetic basis risk (*i.e.*, the risk that the underlying positions do not move identically to the related derivative instruments).

Despite our efforts to manage exposures from principal positions taken by our sell-side business, these positions are subject to market risk.

Bernstein Research Services may use the firm's capital to facilitate customer transactions, primarily relating to trading activities in listed options. The resulting principal positions are exposed to market risk. We seek to manage this risk both by engaging in transactions designed to hedge the market risk and by maintaining a risk platform that includes the measurement and monitoring of financial exposures and operational processes. Our ability to manage this risk may be limited, however, by adverse changes in the liquidity of the security or the hedging instrument and in the correlation of price movements between the security and the hedging instrument. Similarly, the risk monitoring and risk mitigation techniques we employ and the related judgments we make cannot anticipate every possible economic and financial circumstance and outcome. Consequently, we may incur losses, which would require us to increase SCB's regulatory capital and could adversely affect our results of operations.

Rates we charge for brokerage transactions have declined significantly over the past decade, and declines may continue. In addition, turmoil in global capital markets and economies has reduced market trading volumes, which may continue into the future. Combined, these two factors may adversely affect Bernstein Research Services revenue.

Electronic, or "low-touch", trading approaches represent a significant percentage of buy-side trading activity and produce transaction fees for execution-only services that are a small fraction of traditional full service fee rates. As a result, blended pricing for the industry and SCB has declined over the past decade. In addition, fee rates charged by SCB and other brokers for traditional brokerage services also have historically experienced price pressure, and we expect these trends to continue. While increases in transaction volume and market share have in the past often offset decreases in rates, this may not continue. Economic and market turmoil in recent years has severely impacted much of SCB's client base, which in the near-term may adversely affect transaction volume generally.

The individuals, counterparties or issuers on whom we rely to perform services for us or our clients may be unable or unwilling to honor their contractual obligations to us.

We rely on various third party counterparties and other vendors to fulfill their obligations to us, whether specified by contract, course of dealing or otherwise. Default rates, downgrades and disputes with counterparties as to the valuation of collateral increase significantly in times of market stress. Furthermore, disruptions in the financial markets and other economic challenges, like those presented by market disruption in June 2013, may cause our counterparties and other vendors to experience significant cash flow problems or even render them insolvent, which may expose us to significant costs.

We may not accurately value the securities we hold on behalf of our clients or our company investments.

In accordance with applicable regulatory requirements, contractual obligations or client direction, we employ procedures for the pricing and valuation of securities and other positions held in client accounts or for company investments. We have established a Valuation Committee, composed of senior officers and employees, which oversees pricing controls and valuation processes. If market quotations for a security are not readily available, the Valuation Committee determines a fair value for the security.

Extraordinary volatility in financial markets, significant liquidity constraints or our failure to adequately consider one or more factors when fair valuing a security based on information with limited market observability could result in our failing to properly value securities we hold for our clients or investments accounted for on our balance sheet. Improper valuation likely would result in our basing fee calculations on inaccurate AUM figures, our striking incorrect net asset values for company-sponsored mutual funds or hedge funds or, in the case of company investments, our inaccurately calculating and reporting our financial condition and operating results. Although the overall percentage of our AUM that we fair value based on information with limited market observability is not significant, inaccurate fair value determinations can harm our clients, create regulatory issues and damage our reputation.

We may not have sufficient information to confirm or review the accuracy of valuations provided to us by underlying external managers for the funds in which certain of our alternative investment products invest.

Certain of our alternative investment services invest in funds managed by external managers ("External Managers") rather than investing directly in securities and other instruments. As a result, our abilities will be limited with regard to (i) monitoring such investments, (ii) regularly obtaining complete, accurate and current information with respect to such investments and (iii) exercising control over such investments. Accordingly, we may not have sufficient information to confirm or review the accuracy of valuations provided to us by External Managers. In addition, we will be required to rely on External Managers' compliance with any applicable investment guidelines and restrictions. Any failure of an External Manager to operate within such guidelines or to provide accurate information with respect to the investment could subject our alternative investment products to losses and cause damage to our reputation.

The quantitative models we use in certain of our investment services may contain errors, resulting in imprecise risk assessments and unintended output.

We use quantitative models in a variety of our investment services, generally in combination with fundamental research. Our quantitative models are validated by senior quantitative professionals. We have a Model Risk Working Group, the purpose of which is to formalize and oversee a quantitative model governance framework, including minimum validation standards. However, due to the complexity of such models, it is possible that errors in the models could exist and our controls could fail to detect such errors. Failure to detect errors could result in client losses and damage to our reputation.

We may not always successfully manage actual and potential conflicts of interest that arise in our business.

Increasingly, we must manage actual and potential conflicts of interest, including situations where our services to a particular client conflict, or are perceived to conflict, with the interests of another client. Failure to adequately address potential conflicts of interest could adversely affect our reputation, results of operations and business prospects.

We have procedures and controls that are designed to identify and mitigate conflicts of interest, including those designed to prevent the improper sharing of information. However, appropriately managing conflicts of interest is complex and difficult. Our reputation could be damaged and the willingness of clients to enter into transactions in which such a conflict might arise may be affected if we fail, or appear to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions.

Unpredictable events, including natural disaster, dangerous weather conditions, technology failure, terrorist attack and political unrest, may adversely affect our ability to conduct business.

War, terrorist attack, political unrest in the Middle East, the Pacific Rim and elsewhere, power failure, climate change, natural disaster and rapid spread of infectious diseases could interrupt our operations by:

- causing disruptions in global economic conditions, thereby decreasing investor confidence and making investment products generally less attractive;
- inflicting loss of life;
- triggering massive technology failures or delays; and
- requiring substantial capital expenditures and operating expenses to remediate damage and restore operations.

Despite the contingency plans and facilities we have in place, including system security measures, information back-up and disaster recovery processes, our ability to conduct business may be adversely affected by a disruption in the infrastructure that supports our operations and the communities in which they are located. This may include a disruption involving electrical, communications, transportation or other services we may use or third parties with which we conduct business. If a disruption occurs in one location and our employees in that location are unable to occupy our offices or communicate with or travel to other locations, our ability to conduct business with and on behalf of our clients may suffer, and we may not be able to successfully implement contingency plans that depend on communication or travel. Furthermore, unauthorized access to our systems as a result of a security breach, the failure of our systems, or the loss of data could give rise to legal proceedings or regulatory penalties under laws protecting the privacy of personal information, disrupt operations, and damage our reputation.

Our operations require experienced, professional staff. Loss of a substantial number of such persons or an inability to provide properly equipped places for them to work may, by disrupting our operations, adversely affect our financial condition, results of operations and business prospects. In addition, our property and business interruption insurance may not be adequate to compensate us for all losses, failures, or breaches that may occur.

We are highly dependent on various software applications, technologies and other systems for our business to function properly and to safeguard confidential information; any significant limitation, failure or security breach of these systems could constrain our operations.

We utilize software and related technologies throughout our business, including both proprietary systems and those provided by outside vendors. We use our technology to, among other things, obtain securities pricing information, process client transactions, and provide reports and other customer services to the clients of the funds we manage. Although we take protective measures, including measures to effectively secure information through system security technology and established and tested business continuity plans, we may experience system delays and interruptions as a result of natural disasters, power failures, acts of war and third-party failures. We cannot predict with certainty all of the adverse effects that could result from our failure, or the failure of a third party, to efficiently address and resolve these delays and interruptions. These adverse effects could include the inability to perform critical business functions or failure to comply with financial reporting and other regulatory requirements, which could lead to loss of client confidence, reputational damage, exposure to disciplinary action and liability to our clients. Accordingly, potential system failures and the cost necessary to correct those failures could have a material adverse effect on our results of operations and business prospects.

In addition, we could be subject to losses if we fail to properly safeguard sensitive and confidential information. As part of our normal operations, we maintain and transmit confidential information about our clients as well as proprietary information relating to our business operations. Although we take protective measures, our systems still could be vulnerable to unauthorized access, computer viruses or other events that have a security impact, such as an authorized employee or vendor inadvertently or intentionally causing us to release confidential or proprietary information. Such disclosure could, among other things, allow competitors access to our proprietary business information and require significant time and expense to investigate and remediate the breach. Moreover, loss of confidential client information could harm our reputation and subject us to liability under laws that protect confidential personal data, resulting in increased costs or loss of revenues.

Also, most of the software applications that we use in our business are licensed from, and supported, upgraded and maintained by, third-party vendors. A suspension or termination of certain of these licenses or the related support, upgrades and maintenance could cause temporary system delays or interruption. Additionally, technology rapidly evolves and we cannot guarantee that our competitors may not implement more advanced technology platforms for their products and services, which may place us at a competitive disadvantage and adversely affect our results of operations and business prospects.

Our own operational failures or those of third parties we rely on, including failures arising out of human error, could disrupt our business, damage our reputation and reduce our revenues.

Weaknesses or failures in our internal processes or systems could lead to disruption of our operations, liability to clients, exposure to disciplinary action or harm to our reputation. Our business is highly dependent on our ability to process, on a daily basis, large numbers of transactions, many of which are highly complex, across numerous and diverse markets. These transactions generally must comply with client investment guidelines, as well as stringent legal and regulatory standards.

Our obligations to clients require us to exercise skill, care and prudence in performing our services. Despite our employees being highly trained and skilled, the large number of transactions we process makes it highly likely that errors will occasionally occur. If we make a mistake in performing our services that causes financial harm to a client, we have a duty to act promptly to put the client in the position the client would have been in had we not made the error. The occurrence of mistakes, particularly significant ones, can have a material adverse effect on our reputation, results of operations and business prospects.

Our insurance policies may be insufficient to protect us against large losses.

We can make no assurance that a claim or claims will be covered by our insurance policies or, if covered, will not exceed the limits of available insurance coverage, or that our insurers will remain solvent and meet their obligations.

Our business is subject to pervasive, complex and frequently evolving global regulation, the compliance with which could involve substantial expenditures of time and money, and the violation of which may result in material adverse consequences.

Virtually all aspects of our business are subject to federal and state laws and regulations, rules of securities regulators and exchanges, and laws and regulations in the foreign jurisdictions in which our subsidiaries conduct business. If we violate these laws or regulations, we could be subject to civil liability, criminal liability or sanction, including restriction or revocation of our and our subsidiaries' professional licenses or registrations, revocation of the licenses of our employees, censures, fines, or temporary suspension or permanent bar from conducting business. Any such liability or sanction could have a material adverse effect on our financial condition, results of operations and business prospects. A regulatory proceeding, even if it does not result in a finding of wrongdoing or sanction, could require substantial expenditures of time and money.

Moreover, regulators sometimes change their policies or laws in a manner that may make compliance more expensive and/or restrict or otherwise impede our ability to register, market and distribute our investment products.

In addition, there is uncertainty associated with the regulatory environments in which we operate, including uncertainty created by the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "**Dodd-Frank Act**"). The Dodd-Frank Act fundamentally changed the U.S. financial regulatory landscape and may impose additional restrictions and limitations on our business as the various rules and regulations required for implementation continue to be adopted.

Changes to the rules governing Rule 12b-1 Fees may affect the revenues we derive from our Retail Services.

In July 2010, the SEC proposed a new rule and rule amendments that would alter Rule 12b-1 Fees. The new rule and amendments would continue to allow funds to bear promotional costs within certain limits and would also preserve the ability of funds to provide investors with alternatives for paying sales charges (*e.g.*, at the time of purchase, at the time of redemption or through a continuing fee charged to fund assets). Unlike the current Rule 12b-1 framework, however, the proposed rules would limit the cumulative sales charges each investor pays, regardless of how they are imposed.

[Table of Contents](#)

If rules are adopted as proposed, changes in Rule 12b-1 Fees for a number of share classes offered by our U.S. Funds would be required, which would reduce the net fund distribution revenues we receive from our U.S. Funds. The impact of this rule change is dependent upon the final rules adopted by the SEC, any phase-in or grandfathering period, and any other changes made with respect to share class distribution arrangements.

The financial services industry is intensely competitive.

We compete on the basis of a number of factors, including our array of investment services, our investment performance for our clients, innovation, reputation and price. By having a global presence, we may face competitors with more experience and more established relationships with clients, regulators and industry participants in the relevant market, which could adversely affect our ability to expand. Furthermore, if we are unable to maintain and/or continue to improve our investment performance during 2014, our client flows may be adversely affected, which may make it more difficult for us to compete effectively.

Also, increased competition could reduce the demand for our products and services, which could have a material adverse effect on our financial condition, results of operations and business prospects. For additional information regarding competitive factors, see “*Competition*” in *Item 1*.

We are involved in various legal proceedings and regulatory matters and may be involved in such proceedings in the future, any one or combination of which could have a material adverse effect on our financial condition, results of operations and business prospects.

We are involved in various matters, including regulatory inquiries, administrative proceedings and litigation, some of which allege significant damages, and we may be involved in additional matters in the future. Litigation is subject to significant uncertainties, particularly when plaintiffs allege substantial or indeterminate damages, the litigation is in its early stages, or when the litigation is highly complex or broad in scope.

Structure-related Risks

The partnership structure of Holding and AllianceBernstein limits Unitholders’ abilities to influence the management and operation of AllianceBernstein’s business and is highly likely to prevent a change in control of Holding and AllianceBernstein.

The General Partner, as general partner of both Holding and AllianceBernstein, generally has the exclusive right and full authority and responsibility to manage, conduct, control and operate their respective businesses, except as otherwise expressly stated in their respective Amended and Restated Agreements of Limited Partnership. Holding and AllianceBernstein Unitholders have more limited voting rights on matters affecting AllianceBernstein than do holders of common stock in a corporation. Both Amended and Restated Agreements of Limited Partnership provide that Unitholders do not have any right to vote for directors of the General Partner and that Unitholders only can vote on certain extraordinary matters (including removal of the General Partner under certain extraordinary circumstances). Additionally, the AllianceBernstein Partnership Agreement includes significant restrictions on transfers of AllianceBernstein Units and provisions that have the practical effect of preventing the removal of the General Partner, which provisions are highly likely to prevent a change in control of AllianceBernstein’s management.

AllianceBernstein Units are illiquid and subject to significant transfer restrictions.

There is no public trading market for AllianceBernstein Units and AllianceBernstein does not anticipate that a public trading market will develop. The AllianceBernstein Partnership Agreement restricts our ability to participate in a public trading market or anything substantially equivalent to one by providing that any transfer which may cause AllianceBernstein to be classified as a “publicly traded partnership” (“**PTP**”) as defined in Section 7704 of the Internal Revenue Code of 1986, as amended (“**Code**”), shall be deemed void and shall not be recognized by AllianceBernstein. In addition, AllianceBernstein Units are subject to significant restrictions on transfer, including the written consent of AXA Equitable and the General Partner pursuant to the AllianceBernstein Partnership Agreement. Generally, neither AXA Equitable nor the General Partner will permit any transfer that it believes would create a risk that AllianceBernstein would be treated as a corporation for tax purposes. AXA Equitable and the General Partner have implemented a transfer program that requires a seller to locate a purchaser, and imposes annual volume restrictions on transfers. You may request a copy of the transfer program from our Corporate Secretary (corporate_secretary@alliancebernstein.com). Also, we have filed the transfer program as Exhibit 10.06 to this Form 10-K.

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

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

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

In order to preserve AllianceBernstein’s status as a private partnership for federal income tax purposes, AllianceBernstein Units must not be considered publicly traded. If such units were considered readily tradable, AllianceBernstein would be subject to federal and state corporate income tax on its net income. Furthermore, *as noted above*, should AllianceBernstein enter into a substantial new line of business, Holding, by virtue of its ownership of AllianceBernstein, would lose its status as a grandfathered PTP and would become subject to corporate income tax *as set forth above*. For information about the significant restrictions on transfer of AllianceBernstein Units, *see the risk factor immediately above*.

In years prior to 2010, Congress proposed tax legislation that would cause certain PTPs to be taxed as corporations, thus subjecting their income to a higher level of income tax. Holding is a PTP that derives its income from investment management services through its ownership interest in AllianceBernstein. The legislation, in the form proposed, would not have affected Holding’s tax status. Also, this proposed legislation would not have affected AllianceBernstein because it is a private partnership.

In addition, recent decisions by members of Congress and their staffs regarding the need for fundamental tax reform and possible tax law changes to raise additional revenue have included suggestions that all large partnerships (which would include both AllianceBernstein and Holding) be taxed as corporations. However, we cannot predict whether, or in what form, tax legislation will be proposed in the future, and are unable to determine what effect any new legislation might have on us. If Holding and AllianceBernstein were to lose their federal tax status as partnerships, they would be subject to corporate income tax, which would reduce materially their net income and quarterly distributions to unitholders.

Item 1B. Unresolved Staff Comments

We have no unresolved comments from the staff of the SEC to report.

Item 2. Properties

Our principal executive offices at 1345 Avenue of the Americas, New York, New York are occupied pursuant to a lease expiring in 2019 with options to extend to 2029 (for more information regarding this lease, *see Exhibit 10.09 to this Form 10-K*). At this location, we currently lease 1,033,984 square feet of space, within which we currently occupy approximately 629,258 square feet of space and have sub-let (or are seeking to sub-let) approximately 404,726 square feet of space. We also lease space at two other locations in New York City, one of which leases we acquired in connection with the WPS Acquisition.

In addition, we lease approximately 263,083 square feet of space at One North Lexington, White Plains, New York under a lease expiring in 2021 with options to extend to 2031. At this location, we currently occupy approximately 104,480 square feet of space and have sub-let (or are seeking to sub-let) approximately 158,603 square feet of space.

AllianceBernstein Investments and AllianceBernstein Investor Services lease 92,067 square feet of space in San Antonio, Texas under a lease expiring in 2019 with options to extend to 2029. At this location, we currently occupy approximately 59,004 square feet of space and have sub-let (or are seeking to sub-let) approximately 33,063 square feet of space.

We also lease space in 19 other cities in the United States.

Our subsidiaries lease space in 26 cities outside the United States, the most significant of which are in London, England under leases expiring in 2022, and in Tokyo, Japan under a lease expiring in 2018. In London, we currently lease 98,910 square feet of space, within which we currently occupy approximately 54,746 square feet of space and have sub-let (or are seeking to sub-let) approximately 44,164 square feet of space. In Tokyo, we currently lease and occupy approximately 34,615 square feet of space.

Item 3. Legal Proceedings

With respect to all significant litigation matters, we consider the likelihood of a negative outcome. If we determine the likelihood of a negative outcome is probable, and the amount of the loss can be reasonably estimated, we record an estimated loss for the expected outcome of the litigation. If the likelihood of a negative outcome is reasonably possible and we are able to determine an estimate of the possible loss or range of loss in excess of amounts already accrued, if any, we disclose that fact together with the estimate of the possible loss or range of loss. However, it is often difficult to predict the outcome or estimate a possible loss or range of loss because litigation is subject to inherent uncertainties, particularly when plaintiffs allege substantial or indeterminate damages, the litigation is in its early stages, or when the litigation is highly complex or broad in scope. In such cases, we disclose that we are unable to predict the outcome or estimate a possible loss or range of loss.

During the first quarter of 2012, we received a legal letter of claim (the “**Letter of Claim**”) sent on behalf of Philips Pension Trustees Limited and Philips Electronics UK Limited (“**Philips**”), a former pension fund client, alleging that AllianceBernstein Limited (one of our subsidiaries organized in the U.K.) was negligent and failed to meet certain applicable standards of care with respect to the initial investment in, and management of, a £500 million portfolio of U.S. mortgage-backed securities. The alleged damages range between \$177 million and \$234 million, plus compound interest on an alleged \$125 million of realized losses in the portfolio. On January 2, 2014, Philips filed a claim form (“**Claim**”) in the High Court of Justice in London, England, which formally commences litigation with respect to the allegations in the Letter of Claim.

We believe that any losses to Philips resulted from adverse developments in the U.S. housing and mortgage market that precipitated the financial crisis in 2008 and not from any negligence or failure on our part. We believe that we have strong defenses to these claims, which were set forth in our October 12, 2012 response to the Letter of Claim, and will defend this matter vigorously. Currently, we are unable to estimate a reasonably possible range of loss because the matter remains in its early stages.

In addition to the Claim *discussed immediately above*, we are involved in various other matters, including regulatory inquiries, administrative proceedings and litigation, some of which allege significant damages.

In management’s opinion, an adequate accrual has been made as of December 31, 2013 to provide for any probable losses regarding any litigation matters for which we can reasonably estimate an amount of loss. It is reasonably possible that we could incur additional losses pertaining to these matters, but currently we cannot estimate any such additional losses.

Management, after consultation with legal counsel, currently believes that the outcome of any matter that is pending or threatened, or all of them combined, will not have a material adverse effect on our results of operations, financial condition or liquidity. However, as any inquiry, proceeding or litigation has the element of uncertainty, management cannot determine whether further developments relating to any matter that is pending or threatened, or all of them combined, will have a material adverse effect on our results of operations, financial condition or liquidity in any future reporting period.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market for Holding Units and AllianceBernstein Units; Cash Distributions

Holding Units are listed on the NYSE and trade publicly under the ticker symbol "AB". There is no established public trading market for AllianceBernstein Units, which are subject to significant restrictions on transfer. For information about these transfer restrictions, see "Structure-related Risks" in Item 1A.

Holding's principal source of income and cash flow is attributable to its limited partnership interests in AllianceBernstein.

Each of Holding and AllianceBernstein distributes on a quarterly basis all of its Available Cash Flow, as defined in the Holding Partnership Agreement and the AllianceBernstein Partnership Agreement, to its unitholders and the General Partner. For additional information concerning distribution of Available Cash Flow by Holding, see Note 2 to Holding's financial statements in Item 8 of Holding's Form 10-K for the year ended December 31, 2013. For additional information concerning distribution of Available Cash Flow by AllianceBernstein, see Note 2 to our consolidated financial statements in Item 8.

The distributions of Available Cash Flow made by AllianceBernstein and Holding during 2013 and 2012 and the high and low sale prices of Holding Units reflected on the NYSE composite transaction tape during 2013 and 2012 are as follows:

	Quarters Ended 2013				Total
	December 31	September 30	June 30	March 31	
Cash distributions per AllianceBernstein Unit ⁽¹⁾	\$ 0.66	\$ 0.46	\$ 0.44	\$ 0.41	\$ 1.97
Cash distributions per Holding Unit ⁽¹⁾	\$ 0.60	\$ 0.40	\$ 0.41	\$ 0.38	\$ 1.79
Holding Unit prices:					
High	\$ 23.00	\$ 23.25	\$ 27.38	\$ 23.25	
Low	\$ 19.50	\$ 18.77	\$ 20.05	\$ 17.65	

	Quarters Ended 2012				Total
	December 31	September 30	June 30	March 31	
Cash distributions per AllianceBernstein Unit ⁽¹⁾	\$ 0.38	\$ 0.41	\$ 0.26	\$ 0.31	\$ 1.36
Cash distributions per Holding Unit ⁽¹⁾	\$ 0.40	\$ 0.36	\$ 0.21	\$ 0.26	\$ 1.23
Holding Unit prices:					
High	\$ 18.29	\$ 15.99	\$ 15.84	\$ 16.75	
Low	\$ 15.11	\$ 11.44	\$ 11.55	\$ 13.01	

(1) Declared and paid during the following quarter.

On December 31, 2013, the closing price of a Holding Unit on the NYSE was \$21.34 per Unit and there were 996 Holding Unitholders of record for approximately 65,000 beneficial owners. On December 31, 2013, there were 444 AllianceBernstein Unitholders of record, and we do not believe there are substantial additional beneficial owners.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

We did not engage in any unregistered sales of our securities during the years ended December 31, 2013, 2012 and 2011.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Each quarter, since the third quarter of 2011, AllianceBernstein has implemented plans to repurchase Holding Units pursuant to Rule 10b5-1 under the Exchange Act. The plan adopted during the fourth quarter of 2013 expired at the close of business on February 11, 2014. AllianceBernstein did not buy any Holding Units pursuant to this plan during the fourth quarter of 2013. AllianceBernstein may adopt additional Rule 10b5-1 plans in the future to engage in open-market purchases of Holding Units to help fund anticipated obligations under the firm's incentive compensation award program and for other corporate purposes. For additional information about Rule 10b5-1 plans, see "Units Outstanding" in Item 7.

Holding Units bought by us or one of our affiliates during the fourth quarter of 2013 are as follows:

Issuer Purchases of Equity Securities

Period	<u>Total Number of Holding Units Purchased</u>	<u>Average Price Paid Per Holding Unit, net of Commissions</u>	<u>Total Number of Holding Units Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of Holding Units that May Yet Be Purchased Under the Plans or Programs</u>
10/1/13-10/31/13 ⁽¹⁾	117	\$ 19.59	—	—
11/1/13-11/30/13 ⁽¹⁾	—	—	—	—
12/1/13-12/31/13 ⁽¹⁾	3,065,090	22.19	—	—
Total	3,065,207	\$ 22.19	—	—

(1) During the fourth quarter of 2013, we purchased from employees 3,065,207 Holding Units to allow them to fulfill statutory withholding tax requirements at the time of distribution of long-term incentive compensation awards.

AllianceBernstein Units bought by us or one of our affiliates during the fourth quarter of 2013 are as follows:

Issuer Purchases of Equity Securities

Period	<u>Total Number of AllianceBernstein Units Purchased</u>	<u>Average Price Paid Per AllianceBernstein Unit, net of Commissions</u>	<u>Total Number of AllianceBernstein Units Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of AllianceBernstein Units that May Yet Be Purchased Under the Plans or Programs</u>
10/1/13-10/31/13	—	\$ —	—	—
11/1/13-11/30/13 ⁽¹⁾	60,419	22.21	—	—
12/1/13-12/31/13	—	—	—	—
Total	60,419	\$ 22.21	—	—

(1) On November 8, 2013, we purchased 60,419 AllianceBernstein Units in private transactions.

Selected Consolidated Financial Data

	Years Ended December 31,				
	2013	2012 ⁽¹⁾	2011 ⁽¹⁾	2010 ⁽¹⁾	2009 ⁽¹⁾
(in thousands, except per unit amounts and unless otherwise indicated)					
INCOME STATEMENT DATA:					
Revenues:					
Investment advisory and services fees	\$ 1,849,105	\$ 1,764,475	\$ 1,907,318	\$ 2,041,264	\$ 1,909,619
Bernstein research services	445,083	413,707	437,414	430,521	434,605
Distribution revenues	465,424	409,488	360,722	349,025	288,041
Dividend and interest income	19,962	21,286	21,499	22,902	26,730
Investment gains (losses)	33,339	29,202	(82,081)	(1,410)	144,447
Other revenues	105,058	101,801	107,569	109,803	107,848
Total revenues	2,917,971	2,739,959	2,752,441	2,952,105	2,911,290
Less: interest expense	2,924	3,222	2,550	3,548	4,411
Net revenues	2,915,047	2,736,737	2,749,891	2,948,557	2,906,879
Expenses:					
Employee compensation and benefits:					
Employee compensation and benefits	1,212,011	1,168,645	1,246,898	1,320,495	1,296,386
Long-term incentive compensation charge	—	—	587,131	—	—
Promotion and servicing:					
Distribution-related payments	423,200	367,090	302,684	286,676	234,203
Amortization of deferred sales commissions	41,279	40,262	37,675	47,397	54,922
Other	208,192	202,191	219,197	193,822	178,070
General and administrative:					
General and administrative	423,043	507,682	532,896	516,014	520,372
Real estate charges	28,424	223,038	7,235	101,698	8,276
Contingent payment arrangements	(10,174)	682	682	171	—
Interest on borrowings	2,962	3,429	2,545	2,078	2,696
Amortization of intangible assets	21,859	21,353	21,417	21,344	21,126
Total expenses	2,350,796	2,534,372	2,958,360	2,489,695	2,316,051
Operating income (loss)	564,251	202,365	(208,469)	458,862	590,828
Non-operating income	—	—	—	6,760	33,657
Income (loss) before income taxes	564,251	202,365	(208,469)	465,622	624,485
Income taxes	36,829	13,764	3,098	38,523	45,977
Net income (loss)	527,422	188,601	(211,567)	427,099	578,508
Net income (loss) of consolidated entities attributable to non-controlling interests	9,746	(315)	(36,799)	(15,320)	22,381
Net income (loss) attributable to AllianceBernstein Unitholders	\$ 517,676	\$ 188,916	\$ (174,768)	\$ 442,419	\$ 556,127
Basic net income (loss) per AllianceBernstein Unit	\$ 1.89	\$ 0.67	\$ (0.62)	\$ 1.59	\$ 2.07
Diluted net income (loss) per AllianceBernstein Unit	\$ 1.88	\$ 0.67	\$ (0.62)	\$ 1.58	\$ 2.07
Operating margin ⁽²⁾	19.0%	7.4%	n/m	16.1%	19.6%
CASH DISTRIBUTIONS PER ALLIANCEBERNSTEIN UNIT⁽³⁾					
	\$ 1.97	\$ 1.36	\$ 1.38	\$ 1.58	\$ 2.06
BALANCE SHEET DATA AT PERIOD END:					
Total assets	\$ 7,385,851	\$ 8,115,050	\$ 7,708,389	\$ 7,580,315	\$ 7,214,940
Debt	\$ 268,398	\$ 323,163	\$ 444,903	\$ 224,991	\$ 248,987
Total Capital	\$ 4,069,726	\$ 3,803,268	\$ 4,029,487	\$ 4,495,356	\$ 4,701,955
ASSETS UNDER MANAGEMENT AT PERIOD END					
(in millions)	\$ 450,411	\$ 430,017	\$ 405,897	\$ 478,019	\$ 486,683

(1) Certain prior-year amounts have been reclassified to conform to our 2013 presentation. See Note 2 to our consolidated financial statements in Item 8 for a discussion of reclassifications.

(2) Operating income excluding net income (loss) attributable to non-controlling interests as a percentage of net revenues.

(3) AllianceBernstein is required to distribute all of its Available Cash Flow, as defined in the AllianceBernstein Partnership Agreement, to its unitholders and the General Partner; 2013 distributions reflect the impact of non-GAAP adjustments; 2012 distributions exclude a total of \$207.0 million of non-cash real estate charges recorded in the third and fourth quarters of 2012; 2011 distributions exclude the \$587.1 million one-time, non-cash long-term incentive compensation charge.

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

Percentage change figures are calculated using assets under management rounded to the nearest million and financial statement amounts rounded to the nearest thousand.

Executive Overview

The fourth quarter of 2013 concluded another year of progress for AllianceBernstein in executing our long-term growth strategy. We completed our purchase of WPS, recently reached an agreement to acquire CPH Capital, a Danish global core equity manager, and added \$3.0 billion in diverse new business mandates to our Institutional pipeline (resulting in a net quarterly increase in the pipeline of \$0.9 billion).

We are demonstrating momentum across our business, as we continue to strive to deliver for clients with improved investment performance, a broader global business mix, innovative and relevant offerings and strong financials that fund our growth initiatives and improve our competitive positioning. In fixed income, even after a year of extreme volatility and rising yields in the global debt markets, we maintained highly competitive long-term track records: at year-end, our percentage of fixed income assets in outperforming strategies totaled 85% for the three- and five-year periods. Meanwhile, our equities investment performance continued to improve with nearly two-thirds of our equity assets in strategies that beat their benchmarks for the one-year period at year end.

Our total AUM as of December 31, 2013 was \$450.4 billion, up \$20.4 billion, or 4.7%, during 2013. The increase in AUM was driven by market appreciation of \$30.6 billion, partially offset by net outflows of \$12.3 billion, primarily in the Retail channel.

Institutional AUM increased \$6.2 billion, or 2.8%, to \$226.0 billion during 2013. The increase in AUM primarily resulted from market appreciation of \$6.9 billion, partially offset by net outflows of \$1.0 billion. The net outflows primarily were due to the loss of \$6.8 billion of fixed income assets in October 2013 as a result of AXA's sale of one of its subsidiaries, MONY Life Insurance Company ("MONY"). The loss of these assets will not have a material impact on our revenues as these are low fee assets. Gross sales increased \$3.6 billion, or 17.0%, from \$21.3 billion in 2012 to \$24.9 billion in 2013, due primarily to significant gross sales growth in every asset class and in every region, except Asia ex-Japan. In addition, redemptions and terminations decreased \$20.3 billion, or 52.4%, from \$38.8 billion in 2012 to \$18.5 billion in 2013.

Retail AUM increased \$8.6 billion, or 6.0%, to \$153.0 billion during 2013. The increase in AUM primarily resulted from market appreciation of \$15.4 billion, partially offset by net outflows of \$7.5 billion. Gross sales declined \$7.2 billion, or 12.7%, from \$56.3 billion in 2012 to \$49.1 billion in 2013. The decline was driven by lower Asia ex-Japan sales coming off record high sales in 2012, partially offset by strong double-digit growth in the U.S., Europe, Middle East and Africa, and Latin America markets, where combined gross sales increased more than \$4.0 billion in 2013. However, redemptions and terminations increased \$17.1 billion, or 52.2%, from \$33.0 billion in 2012 to \$50.1 billion in 2013.

Private Client AUM increased \$5.6 billion, or 8.5%, to \$71.4 billion during 2013. The increase in AUM primarily resulted from market appreciation of \$8.3 billion, partially offset by net outflows of \$3.8 billion. Flows have improved substantially since 2012, as clients have responded well to our newer and more flexible offerings. Gross sales were up this year for the first time since 2010, redemptions fell to their lowest level since 2011 and net outflows were down 58.0% compared to 2012. Gross sales increased \$2.1 billion, or 48.4%, from \$4.3 billion in 2012 to \$6.4 billion in 2013. Redemptions and terminations decreased \$2.4 billion, or 22.2%, from \$10.9 billion in 2012 to \$8.5 billion in 2013.

Bernstein Research Services revenue increased \$31.4 million, or 7.6%, to \$445.1 million in 2013, as a result of strong growth in Europe and Asia.

Our full year 2013 revenues increased \$178.3 million, or 6.5%, to approximately \$2.9 billion in 2013. The increase was driven by higher investment advisory base fees of \$97.7 million, higher distribution revenues of \$55.9 million and higher Bernstein Research Services revenues of \$31.4 million. Full year 2013 operating expenses decreased \$183.6 million, or 7.2%, to approximately \$2.4 billion in 2013, due to lower real estate charges of \$194.6 million and lower general and administrative expenses (excluding the real estate charges) of \$84.6 million, partially offset by higher promotion and servicing expenses of \$63.1 million and higher employee compensation and benefits expense of \$43.4 million.

Lastly, we are managing our expenses and expanding our operating margin. Through a number of cost-cutting initiatives, we have reduced our adjusted non-compensation expenses by more than \$125 million in the last two years. We also increased our adjusted operating margin this year to 24.0% from 18.8% in 2012 and 17.0% in 2011, even as we have continued to invest in new talent, processes, offerings and business opportunities.

Assets Under Management

During the first quarter of 2013, we altered our AUM disclosure in order to provide greater transparency regarding the impact of prevailing industry trends on our asset mix and fee realization rate. The new disclosure addresses the long-term industry-wide trend of increasing asset flows into passive products by providing a breakout of both equity and fixed income AUM into actively managed assets and passively managed assets, which include index and enhanced index services. In addition, in acknowledgement of our significant growth in fixed income assets over the past several years and the current size of the business, we now break out our active fixed income AUM into taxable and tax-exempt assets.

Assets under management by distribution channel were as follows:

	As of December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in billions)				
Institutions	\$ 226.0	\$ 219.8	\$ 223.9	2.8%	(1.8)%
Retail	153.0	144.4	112.6	6.0	28.2
Private Client	71.4	65.8	69.4	8.5	(5.2)
Total	\$ 450.4	\$ 430.0	\$ 405.9	4.7	5.9

Assets under management by investment service were as follows:

	As of December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in billions)				
Equity					
Actively Managed	\$ 107.8	\$ 95.4	\$ 124.3	13.0%	(23.3)%
Passively Managed ⁽¹⁾	49.3	40.3	33.5	22.4	20.1
Total Equity	157.1	135.7	157.8	15.8	(14.0)
Fixed Income					
Actively Managed					
Taxable	211.0	224.0	184.9	(5.8)	21.2
Tax-exempt	28.7	30.8	30.2	(6.6)	1.9
	239.7	254.8	215.1	(5.9)	18.5
Passively Managed ⁽¹⁾	9.3	7.9	4.9	18.2	62.7
Total Fixed Income	249.0	262.7	220.0	(5.2)	19.4
Other ⁽²⁾	44.3	31.6	28.1	40.0	12.6
Total	\$ 450.4	\$ 430.0	\$ 405.9	4.7	5.9

(1) Includes index and enhanced index services.

(2) Includes asset allocation services and certain other alternative investments.

[Table of Contents](#)

Changes in assets under management during 2013 and 2012 were as follows:

	Distribution Channel			
	Institutions	Retail	Private Client	Total
	(in billions)			
Balance as of December 31, 2012	\$ 219.8	\$ 144.4	\$ 65.8	\$ 430.0
Long-term flows:				
Sales/new accounts	24.9	49.1	6.4	80.4
Redemptions/terminations	(18.5)	(50.1)	(8.5)	(77.1)
Cash flow/unreinvested dividends	(7.4)	(6.5)	(1.7)	(15.6)
Net long-term (outflows)	(1.0)	(7.5)	(3.8)	(12.3)
Acquisition	0.3	0.7	1.1	2.1
Market appreciation	6.9	15.4	8.3	30.6
Net change	6.2	8.6	5.6	20.4
Balance as of December 31, 2013	\$ 226.0	\$ 153.0	\$ 71.4	\$ 450.4
Balance as of December 31, 2011	\$ 223.9	\$ 112.6	\$ 69.4	\$ 405.9
Long-term flows:				
Sales/new accounts	21.3	56.3	4.3	81.9
Redemptions/terminations	(38.8)	(33.0)	(10.9)	(82.7)
Cash flow/unreinvested dividends	(4.1)	(7.1)	(2.4)	(13.6)
Net long-term (outflows) inflows	(21.6)	16.2	(9.0)	(14.4)
Transfers	(0.1)	0.1	—	—
Market appreciation	17.6	15.5	5.4	38.5
Net change	(4.1)	31.8	(3.6)	24.1
Balance as of December 31, 2012	\$ 219.8	\$ 144.4	\$ 65.8	\$ 430.0

	Investment Service						
	Equity Actively Managed	Equity Passively Managed ⁽¹⁾	Fixed Income Actively Managed - Taxable	Fixed Income Actively Managed - Tax-Exempt	Fixed Income Passively Managed ⁽¹⁾	Other ⁽²⁾	Total
	(in billions)						
Balance as of December 31, 2012	\$ 95.4	\$ 40.3	\$ 224.0	\$ 30.8	\$ 7.9	\$ 31.6	\$ 430.0
Long-term flows:							
Sales/new accounts	15.9	3.4	49.5	4.9	1.4	5.3	80.4
Redemptions/terminations	(22.4)	(0.7)	(46.9)	(5.1)	(0.7)	(1.3)	(77.1)
Cash flow/unreinvested dividends	(6.0)	(4.7)	(7.9)	(1.4)	0.9	3.5	(15.6)
Net long-term (outflows) inflows	(12.5)	(2.0)	(5.3)	(1.6)	1.6	7.5	(12.3)
Acquisition	2.1	—	—	—	—	—	2.1
Market appreciation (depreciation)	22.8	11.0	(7.7)	(0.5)	(0.2)	5.2	30.6
Net change	12.4	9.0	(13.0)	(2.1)	1.4	12.7	20.4
Balance as of December 31, 2013	\$ 107.8	\$ 49.3	\$ 211.0	\$ 28.7	\$ 9.3	\$ 44.3	\$ 450.4
Balance as of December 31, 2011	\$ 124.3	\$ 33.5	\$ 184.9	\$ 30.2	\$ 4.9	\$ 28.1	\$ 405.9
Long-term flows:							
Sales/new accounts	9.5	4.6	57.2	4.8	3.0	2.8	81.9
Redemptions/terminations	(46.0)	(1.5)	(29.7)	(3.9)	(0.2)	(1.4)	(82.7)
Cash flow/unreinvested dividends	(7.4)	(1.5)	(2.0)	(1.6)	0.6	(1.7)	(13.6)
Net long-term (outflows) inflows	(43.9)	1.6	25.5	(0.7)	3.4	(0.3)	(14.4)
Market appreciation (depreciation)	15.0	5.2	13.6	1.3	(0.4)	3.8	38.5
Net change	(28.9)	6.8	39.1	0.6	3.0	3.5	24.1
Balance as of December 31, 2012	\$ 95.4	\$ 40.3	\$ 224.0	\$ 30.8	\$ 7.9	\$ 31.6	\$ 430.0



- (1) Includes index and enhanced index services.
- (2) Includes asset allocation services and certain other alternative investments.

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

	Years Ended December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in billions)				
Distribution Channel:					
Institutions	\$ 225.4	\$ 218.9	\$ 252.6	2.9%	(13.3)%
Retail	149.4	128.2	124.0	16.5	3.4
Private Client	67.9	68.9	75.3	(1.3)	(8.6)
Total	\$ 442.7	\$ 416.0	\$ 451.9	6.4	(8.0)
Investment Service:					
Equity Actively Managed	\$ 100.0	\$ 109.8	\$ 177.2	(8.9)%	(38.1)%
Equity Passively Managed ⁽¹⁾	45.1	36.1	33.7	25.1	7.1
Fixed Income Actively Managed – Taxable	221.4	202.0	181.3	9.6	11.4
Fixed Income Actively Managed – Tax-exempt	30.1	31.1	29.8	(3.4)	4.4
Fixed Income Passively Managed ⁽¹⁾	8.6	5.9	3.9	46.3	52.3
Other ⁽²⁾	37.5	31.1	26.0	20.8	19.3
Total	\$ 442.7	\$ 416.0	\$ 451.9	6.4	(8.0)

(1) Includes index and enhanced index services.

(2) Includes asset allocation services and certain other alternative investments.

Our Institutional channel average AUM of \$225.4 billion increased by \$6.5 billion, or 2.9%, compared to 2012, primarily due to our Institutional channel AUM increasing \$6.2 billion, or 2.8%, over the last twelve months to \$226.0 billion at December 31, 2013. The \$6.2 billion increase in AUM over the past twelve months primarily was due to \$6.9 billion of market appreciation and \$0.3 billion of new assets from the WPS Acquisition, offset by net outflows of \$1.0 billion (consisting of outflows of \$9.5 billion in equity services, offset by inflows of \$5.0 billion in other services and \$3.5 billion in fixed income services). The net outflows primarily were due to the loss of \$6.8 billion of fixed income assets in October 2013 as a result of AXA's sale of MONY. During 2012, Institutional AUM decreased \$4.1 billion to \$219.8 billion, resulting in average AUM of \$218.9 billion for 2012. The \$4.1 billion decline in AUM during 2012 primarily was due to \$21.6 billion of net outflows (consisting of net outflows of \$30.7 billion in equity services and \$1.5 billion in other services, offset by net inflows of \$10.6 billion in fixed income services), offset by market appreciation of \$17.6 billion.

Our Retail channel average AUM of \$149.4 billion increased by \$21.2 billion, or 16.5%, compared to 2012, primarily due to our Retail channel AUM increasing \$8.6 billion, or 6.0%, over the last twelve months to \$153.0 billion at December 31, 2013, as well as AUM at December 31, 2012 of \$144.4 billion having been significantly higher than 2012 average AUM of \$128.2 billion due to the significant growth in the Retail channel throughout 2012. The \$8.6 billion increase in AUM over the past twelve months primarily was due to market appreciation of \$15.4 billion and \$0.7 billion of new assets from the WPS Acquisition, offset by net outflows of \$7.5 billion (consisting of outflows of \$5.8 billion in fixed income services and \$2.8 billion in equity services, offset by inflows of \$1.1 billion in other services). During 2012, Retail AUM increased \$31.8 billion to \$144.4 billion, resulting in average AUM of \$128.2 billion for 2012. The \$31.8 billion increase in AUM during 2012 primarily was due to \$16.2 billion of net inflows (consisting of net inflows of \$21.2 billion and \$1.5 billion in fixed income services and other services, respectively, offset by outflows of \$6.5 billion in equity services) and market appreciation of \$15.5 billion.

Our Private Client channel average AUM of \$67.9 billion declined by \$1.0 billion, or 1.3%, compared to 2012, while our Private Client channel AUM increased \$5.6 billion, or 8.5%, over the last twelve months to \$71.4 billion at December 31, 2013. The \$5.6 billion increase in AUM over the past twelve months primarily was due to market appreciation of \$8.3 billion and approximately \$1.1 billion of new assets from the WPS Acquisition, offset by net outflows of \$3.8 billion (consisting of outflows of \$2.9 billion in fixed income services and \$2.2 billion in equity services, offset by inflows of \$1.3 billion in other services). The increase in AUM of \$5.6 billion during 2013 as compared to the decrease of \$1.0 billion in year-to-year average AUM is due to the AUM at December 31, 2012 of \$65.8 billion having been lower than 2012 average AUM of \$68.9 billion as a result of a \$2.3 billion decrease in AUM in the fourth quarter of 2012. During 2012, Private Client AUM decreased \$3.6 billion to \$65.8 billion, resulting in average AUM of \$68.9 billion for 2012. The \$3.6 billion decrease in AUM during 2012 was due to \$9.0 billion of net outflows (consisting of net outflows of \$5.1 billion in equity services, \$3.6 billion in fixed income services and \$0.3 billion in other services), offset by market appreciation of \$5.4 billion.

[Table of Contents](#)

Absolute investment composite returns, net of fees, and relative performance compared to benchmarks for certain representative Institutional (except as otherwise indicated) equity and fixed income services were as follows for the years ended December 31:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Global High Income (fixed income)			
Absolute return	6.9%	18.5%	2.0%
Relative return (vs. 33% Barclays High Yield, 33% JPM EMBI Global and 33% JPM GBI-EM)	8.6	0.3	(0.3)
Global Fixed Income (fixed income)			
Absolute return	(5.2)	3.9	12.1
Relative return (vs. CITI WLD GV BD-USD/JPM GLBL BD)	(1.2)	2.2	5.7
Intermediate Municipal Bonds (fixed income) (Private Client composite)			
Absolute return	(1.3)	3.4	7.2
Relative return (vs. Lipper Short/Int. Blended Muni Fund Avg)	0.0	(0.3)	0.8
U.S. Strategic Core Plus (fixed income)			
Absolute return	(1.9)	5.9	7.1
Relative return (vs. Barclays U.S. Aggregate)	0.1	1.7	(0.7)
Emerging Market Debt (fixed income)			
Absolute return	(6.7)	20.5	6.0
Relative return (vs. JPM EMBI Global/JPM EMBI)	(0.1)	2.0	(2.5)
Global Plus (fixed income)			
Absolute return	(3.3)	5.2	6.2
Relative return (vs. Barclays Global Aggregate)	(0.7)	0.9	0.6
Emerging Markets Value			
Absolute return	(7.7)	14.7	(23.3)
Relative return (vs. MSCI EM Index)	(5.1)	(3.5)	(4.9)
Global Value			
Absolute return	32.6	13.9	(15.8)
Relative return (vs. MSCI World Index)	5.9	(1.9)	(10.3)
Global Strategic Value			
Absolute return	34.7	12.0	(16.0)
Relative return (vs. MSCI ACWI Index)	11.9	(4.1)	(8.6)
U.S. Small & Mid Cap Value			
Absolute return	37.7	18.6	(8.1)
Relative return (vs. Russell 2500 Value Index)	4.4	(0.6)	(4.8)
U.S. Strategic Value			
Absolute return	39.9	13.3	(7.6)
Relative return (vs. Russell 1000 Value Index)	7.4	(4.2)	(8.0)
U.S. Small Cap Growth			
Absolute return	45.4	14.9	4.4
Relative return (vs. Russell 2000 Growth Index)	2.1	0.3	7.3
U.S. Large Cap Growth			
Absolute return	37.6	15.9	(2.3)
Relative return (vs. Russell 1000 Growth Index)	4.1	0.6	(4.9)
U.S. Strategic Growth (Private Client composite)			
Absolute return	37.4	15.2	(4.3)
Relative return (vs. S&P 500 Index)	5.0	(0.8)	(6.4)
Select U.S. Equity			
Absolute return	30.9	16.2	3.8
Relative return (vs. S&P 500 Index)	(1.5)	0.2	1.7
International Style Blend – Developed			
Absolute return	20.9	15.6	(17.7)
Relative return (vs. MSCI EAFE Index)	(1.8)	(1.7)	(5.6)

During 2013, we saw somewhat elevated bond market volatility and, beginning in May, sharply higher bond yields and outflows from bond mutual funds fueled by investors' concerns over the U.S. Federal Reserve's potential tapering of their bond buying program. In this environment, government bonds generally underperformed non-government bonds, and performance across our fixed income services was mixed.

Underweights in Japan and peripheral European countries detracted from relative returns in our global multi-sector portfolios, as did our overweight and yield curve positioning in the U.S. Our emerging market debt portfolios also were modestly behind their benchmarks after fees, with small local currency positions detracting from returns. Performance in our U.S. multi-sector portfolios was ahead of benchmarks, with credit sector overweights helping. Performance in our global high income portfolios exceeded benchmarks due to the portfolios' underweight in emerging market debt in favor of developed market credit sectors such as high yield.

[Table of Contents](#)

The municipal market generally experienced negative returns in 2013 driven by record mutual fund outflows. Our U.S. municipal portfolios' performance was flat relative to their benchmarks. Our underweight to the longest maturity bonds added to relative returns, offset by security selection which detracted from performance.

Performance of our equity services improved over the full year 2013 period, with the majority of these services outperforming their benchmarks, as research-based stock selection returned to favor among investors and drove portfolio returns. Emerging Markets Value continued to be an exception, as long-term value characteristics, such as inexpensive cash flows, continued to under-perform, unlike in other parts of the world, reflecting investor anxiety about the macro outlook in several large emerging markets. International Style Blend and Select U.S. Equity slightly lagged their benchmarks as the modest bias towards higher quality stocks in the Select U.S. portfolio and the growth sleeve in International Style Blend hurt performance.

Consolidated Results of Operations

	Years Ended December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in millions, except per unit amounts)				
Net revenues	\$ 2,915.0	\$ 2,736.7	\$ 2,749.9	6.5%	(0.5)%
Expenses	2,350.8	2,534.4	2,958.4	(7.2)	(14.3)
Operating income (loss)	564.2	202.3	(208.5)	178.8	n/m
Income taxes	36.8	13.7	3.1	167.6	344.3
Net income (loss)	527.4	188.6	(211.6)	179.6	n/m
Net income (loss) of consolidated entities attributable to non-controlling interests	9.7	(0.3)	(36.8)	n/m	(99.1)
Net income (loss) attributable to AllianceBernstein Unitholders	\$ 517.7	\$ 188.9	\$ (174.8)	174.0	n/m
Diluted net income (loss) per AllianceBernstein Unit	\$ 1.88	\$ 0.67	\$ (0.62)	180.6	n/m
Distributions per AllianceBernstein Unit ⁽¹⁾	\$ 1.97	\$ 1.36	\$ 1.38	44.9	(1.4)
Operating margin ⁽²⁾	19.0%	7.4%	n/m		

(1) 2013 distributions reflect the impact of non-GAAP adjustments; 2012 distributions exclude the impact of \$207.0 million of non-cash real estate charges recorded in the third and fourth quarters of 2012; 2011 distributions exclude the impact of the \$587.1 million one-time, non-cash long-term incentive compensation charge.

(2) Operating income excluding net income (loss) attributable to non-controlling interests as a percentage of net revenues.

Net income attributable to AllianceBernstein unitholders for the year ended December 31, 2013 increased \$328.8 million from the year ended December 31, 2012. The change primarily was due to (in millions):

Lower real estate charges	\$ 194.6
Higher base advisory fees	97.7
Lower general and administrative (excluding real estate charges)	84.6
Higher Bernstein Research Services revenues	31.4
Higher employee compensation and benefits	(43.4)
Higher income taxes	(23.1)
Lower performance-based fees	(13.0)
	<u>\$ 328.8</u>

[Table of Contents](#)

Net income attributable to AllianceBernstein unitholders for the year ended December 31, 2012 was \$188.9 million, as compared to net loss attributable to AllianceBernstein unitholders of \$174.8 million for the year ended December 31, 2011. The change primarily was due to (in millions):

Higher real estate charges	\$	(215.8)
Lower base advisory fees		(194.3)
Lower Bernstein Research Services revenues		(23.7)
2011 long-term incentive compensation charge		587.1
Lower employee compensation and benefits (excluding \$587.1 million compensation charge)		78.3
Higher performance-based fees		50.1
Higher long-term incentive compensation investment gains		37.0
Seed capital investment gains compared to 2011 losses		28.2
Lower other promotion and servicing expenses		17.0
Other		(0.2)
	\$	<u>363.7</u>

Real Estate Charges

During 2010, we performed a comprehensive review of our real estate requirements in New York in connection with our workforce reductions commencing in 2008. As a result, during 2010 we decided to sub-lease over 380,000 square feet in New York (in excess of 90% of this space has been sublet) and largely consolidate our New York-based employees into two office locations from three. We recorded pre-tax real estate charges of \$101.7 million in 2010, reflecting the net present value of the difference between the amount of our ongoing contractual operating lease obligations for this space and our estimate of current market rental rates (\$76.2 million), as well as the write-off of leasehold improvements, furniture and equipment related to this space (\$25.5 million). We periodically review the assumptions and estimates we used in recording these charges.

During 2011, we recorded pre-tax real estate charges totaling \$7.2 million for our office space in London, England, New York and other U.S. locations. The London charge was \$8.8 million, consisting of a \$5.8 million payment to the party to which the lease was assigned, as well as the write-off of \$3.0 million of leasehold improvements, furniture and equipment related to the space. We also wrote off an additional \$1.5 million of leasehold improvements, furniture and equipment related to the New York space and had miscellaneous charges of \$0.4 million. These charges were offset by a \$3.5 million credit we recorded in 2011 due to changes in estimates of our 2010 charge.

During the first half of 2012, we recorded pre-tax real estate charges totaling \$16.1 million, reflecting \$8.8 million resulting from the abandonment of our leased New York City Data Center office space and \$7.3 million resulting from a change in estimates relating to previously recorded real estate charges. The New York City Data Center charge consisted of the net present value of the difference between the amount of ongoing contractual operating lease obligations for this space and our estimate of current market rental rates (\$7.1 million) and the write-off of leasehold improvements, furniture and equipment related to this space (\$1.7 million).

During the third quarter of 2012, in an effort to further reduce our global real estate footprint, we completed a comprehensive review of our worldwide office locations and began implementing a global space consolidation plan. As a result, our intention is to sub-lease approximately 510,000 square feet of office space (approximately 70% of this space has been sublet), more than 70% of which is New York office space (in addition to the 380,000 square feet space reduction in 2010), with the remainder consisting of office space in England, Australia and various U.S. locations.

During the second half of 2012, we recorded pre-tax real estate charges of \$207.0 million, reflecting the net present value of the difference between the amount of our ongoing contractual operating lease obligations for this space and our estimate of current market rental rates (\$163.8 million), as well as the write-off of leasehold improvements, furniture and equipment related to this space (\$39.7 million), and changes in estimates relating to previously recorded real estate charges (\$3.5 million).

During 2013, we recorded pre-tax real estate charges of \$28.4 million, comprising \$17.2 million from a change in estimates related to previously recorded real estate charges (\$16.9 million related to the 2010 and 2012 plans and \$0.3 million to other real estate charges), \$0.3 million for the write-off of leasehold improvements, furniture and equipment related to the 2012 plan, and new real estate charges of \$10.9 million (\$1.5 million related to the 2012 plan, \$5.3 million related to other real estate charges and \$4.1 million related to the write-off of leasehold improvements, furniture and equipment).

[Table of Contents](#)

As of December 31, 2013, we have recorded pre-tax real estate charges totaling \$123.9 million and \$217.4 million for the office space consolidation initiatives commenced in 2010 and 2012, respectively. These initiatives have reduced annual operating expenses by approximately \$70 million since 2009.

Long-term Incentive Compensation Change

During the fourth quarter of 2011, we implemented changes to our employee long-term incentive compensation award program to ensure that our compensation practices are competitive, and to better align the costs of employee compensation and benefits with the company's current year financial performance and provide employees with a higher degree of certainty that they will receive the incentive compensation they are awarded. We amended all outstanding year-end long-term incentive compensation awards of active employees (*i.e.*, those employees who we employed as of December 31, 2011), so that employees who terminate their employment or are terminated without cause may retain their awards, subject to compliance with certain agreements and restrictive covenants set forth in the applicable award agreement, including restrictions on competition and employee and client solicitation, and a claw-back for failing to follow existing risk management policies. Most equity replacement, sign-on or similar long-term incentive compensation awards included in separate employment agreements or arrangements were not amended in 2011 to reflect these changes.

We recognize compensation expense related to equity compensation grants in the financial statements using the fair value method. Fair value of restricted Holding Unit awards is the closing price of a Holding Unit on the grant date; fair value of options is determined using the Black-Scholes option valuation model. Under the fair value method, compensatory expense is measured at the grant date based on the estimated fair value of the award and is recognized over the required service period. Prior to the changes made to the employee long-term incentive compensation award program in the fourth quarter of 2011, an employee's service requirement typically was the same as the delivery dates. These changes eliminated employee service requirements but did not modify delivery dates contained in the original award agreements. As a result of these changes, we recorded a one-time, non-cash charge of \$587.1 million in the fourth quarter of 2011 for all unrecognized long-term incentive compensation on the amended outstanding awards from prior years.

Awards granted in 2011 contained the provisions *described above*, as did awards granted in 2012 and 2013, and we expect to include these provisions in long-term incentive compensation awards in future years. Accordingly, our annual incentive compensation expense will reflect 100% of the expense associated with the long-term incentive compensation awarded in each year. This approach to expense recognition will more closely match the economic cost of awarding long-term incentive compensation to the period in which the related service is performed.

Units Outstanding

We engage in open-market purchases of Holding Units to help fund anticipated obligations under our incentive compensation award program and for other corporate purposes, and purchase Holding Units from employees to allow them to fulfill statutory tax withholding requirements at the time of distribution of long-term incentive compensation awards. During 2013 and 2012, we purchased 5.2 million and 15.7 million Holding Units for \$111.3 million and \$239.5 million, respectively (on a trade date basis). These amounts reflect open-market purchases of 1.9 million and 12.3 million Holding Units for \$38.5 million and \$182.3 million, respectively, with the remainder relating to purchases of Holding Units from employees to allow them to fulfill statutory tax withholding requirements at the time of distribution of long-term incentive compensation awards, offset by Holding Units purchased by employees as part of a distribution reinvestment election.

Each quarter, since the third quarter of 2011, we have implemented plans to repurchase Holding Units pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. A Rule 10b5-1 plan allows a company to repurchase its shares at times when it otherwise might be prevented from doing so because of self-imposed trading blackout periods and because it possesses material non-public information. Each broker we have selected has the authority under the terms and limitations specified in the plan to repurchase Holding Units on our behalf in accordance with the terms of the plan. Repurchases are subject to SEC regulations as well as certain price, market volume and timing constraints specified in the plan. The plan adopted during the fourth quarter of 2013 expired at the close of business on February 11, 2014. AllianceBernstein did not buy any Holding Units pursuant to this plan during the fourth quarter of 2013. We may adopt additional Rule 10b5-1 plans in the future to engage in open-market purchases of Holding Units to help fund anticipated obligations under our incentive compensation award program and for other corporate purposes.

During 2013, we granted to employees and Eligible Directors 13.9 million restricted Holding Unit awards (including 6.5 million granted in December 2013 for 2013 year-end awards and 6.5 million granted in January 2013 for 2012 year-end awards). During 2012, we granted to employees and Eligible Directors 12.1 million restricted Holding Unit awards (including 2.7 million granted in June 2012 to Peter Kraus, our Chief Executive Officer, in connection with his extended employment agreement and 8.7 million granted in January 2012 for 2011 year-end awards). Prior to the third quarter of 2013 (and our decision described in the next paragraph to retire unallocated Holding Units in AllianceBernstein's consolidated rabbi trust), we funded awards by allocating previously repurchased Holding Units that had been held in the rabbi trust. In December 2013, Holding newly issued 3.9 million Holding Units to fund the restricted Holding Unit awards granted in December 2013.

[Table of Contents](#)

Effective July 1, 2013, management retired all unallocated Holding Units in AllianceBernstein's consolidated rabbi trust. To retire such units, AllianceBernstein delivered the unallocated Holding Units held in its consolidated rabbi trust to Holding in exchange for the same amount of AllianceBernstein units. Each entity then retired its respective units. As a result, on July 1, 2013, each of AllianceBernstein's and Holding's units outstanding decreased by approximately 13.1 million units. AllianceBernstein and Holding intend (subject to compliance with applicable safe harbor rules to avoid AllianceBernstein being treated as a publicly traded partnership) to retire additional units as AllianceBernstein purchases Holding Units on the open market or when AllianceBernstein purchases Holding Units from employees to allow them to fulfill statutory tax withholding requirements at the time of distribution of long-term incentive compensation awards, if such units are not required to fund new employee awards in the near future. If a sufficient number of Holding Units is not available in the rabbi trust to fund new awards, Holding will newly issue Holding Units in exchange for newly-issued AllianceBernstein units, as was done in December 2013.

Generally, when a corporate entity repurchases its shares, the shares no longer are deemed outstanding. Because of our two-tier partnership structure, Holding Units purchased by AllianceBernstein and held in its consolidated rabbi trust are considered outstanding (unlike repurchased shares of a single corporate entity). Accordingly, management's decision to retire repurchased Holding Units rather than allowing them to remain outstanding in the rabbi trust more closely aligns the effect of our Holding Unit purchases with that of corporate entities that repurchase their shares. Assuming constant net income, retirement of units outstanding has a favorable impact on earnings per unit, and the issuance of new units has a negative impact on earnings per unit.

During 2013, Holding issued 887,642 Holding Units upon exercise of options to buy Holding Units. Holding used the proceeds of \$15.1 million to purchase the equivalent number of newly-issued AllianceBernstein Units.

Cash Distributions

We are required to distribute all of our Available Cash Flow, as defined in the AllianceBernstein Partnership Agreement, to its unitholders (including the General Partner). Typically, in the past, Available Cash Flow was the diluted earnings per unit for the quarter multiplied by the number of general and limited partnership interests at the end of the quarter, except when, as was the case with the compensation-related charge in the fourth quarter of 2011 and the real estate charge in the third quarter of 2012, the effects of the non-cash charges were eliminated. Starting in the third quarter of 2012, Available Cash Flow has been the adjusted diluted net income per unit for the quarter multiplied by the number of general and limited partnership interests at the end of the quarter. In future periods, management anticipates that Available Cash Flow typically will be based on adjusted diluted net income per unit, unless management determines that one or more of the non-GAAP adjustments that are made for adjusted net income should not be made with respect to the Available Cash Flow calculation. See Note 2 to our consolidated financial statements contained in Item 8 for a description of Available Cash Flow.

Management Operating Metrics

We are providing the non-GAAP measures “adjusted net revenues”, “adjusted operating income” and “adjusted operating margin” because they are the principal operating metrics management uses in evaluating and comparing period-to-period operating performance and we believe they are useful to investors. Management principally uses these metrics in evaluating performance because they present a clearer picture of our operating performance, and allow management to see long-term trends without the distortion primarily caused by long-term incentive compensation-related mark-to-market adjustments, real estate consolidation charges and other adjustment items. Similarly, these management operating metrics help investors better understand the underlying trends in our results and, accordingly, we believe they provide a valuable perspective for investors.

These non-GAAP measures are provided in addition to, and not as substitutes for, net revenues, operating income and operating margin, and they may not be comparable to non-GAAP measures presented by other companies. Management uses both accounting principles generally accepted in the United States of America (“US GAAP”) and non-GAAP measures in evaluating our financial performance. The non-GAAP measures alone may pose limitations because they do not include all of our revenues and expenses.

	Years Ended December 31,		
	2013	2012	2011
	(in thousands)		
Net revenues, US GAAP basis	\$ 2,915,047	\$ 2,736,737	\$ 2,749,891
Exclude:			
Long-term incentive compensation-related investment (gains) losses	(16,842)	(16,711)	20,302
Long-term incentive compensation-related dividends and interest	(2,557)	(2,245)	(4,364)
90% of consolidated venture capital fund investment (gains) losses	(10,610)	(1,118)	35,778
Distribution-related payments	(423,200)	(367,090)	(302,684)
Amortization of deferred sales commissions	(41,279)	(40,262)	(37,675)
Pass-through fees and expenses	(28,390)	(49,010)	(35,103)
Adjusted net revenues	\$ 2,392,169	\$ 2,260,301	\$ 2,426,145
Operating income (loss), US GAAP basis	\$ 564,251	\$ 202,365	\$ (208,469)
Exclude:			
Long-term incentive compensation-related items	(405)	(1,508)	1,567
2011 long-term incentive compensation charge	—	—	587,131
Real estate charges	28,424	223,038	7,235
Insurance proceeds	—	—	(10,691)
Acquisition-related expenses	3,373	—	—
Contingent payment arrangements	(10,840)	—	—
Sub-total of non-GAAP adjustments	20,552	221,530	585,242
Less: Net income (loss) of consolidated entities attributable to non-controlling interests	9,746	(315)	(36,799)
Adjusted operating income	\$ 575,057	\$ 424,210	\$ 413,572
Adjusted operating margin	24.0%	18.8%	17.0%

Adjusted operating income for the year ended December 31, 2013 increased \$150.8 million, or 35.6%, from the year ended December 31, 2012, primarily as a result of higher investment advisory base fees of \$100.7 million, lower general and administrative expenses (excluding real estate charges) of \$65.7 million and higher Bernstein Research Services revenues of \$31.4 million, offset by higher employee compensation expense (excluding the impact of long-term incentive compensation-related items) of \$40.5 million. Adjusted operating income for the year ended December 31, 2012 increased \$10.6 million, or 2.6%, from the year ended December 31, 2011, primarily as a result of lower employee compensation expense (excluding the impact of long-term incentive compensation-related items) of \$110.1 million, lower general and administrative expenses (excluding real estate charges) of \$52.0 million, higher investment gains of \$37.4 million and higher performance-based fees of \$32.1 million, offset by lower base advisory fees of \$192.4 million and lower Bernstein Research Services revenues of \$23.7 million.

Adjusted Net Revenues

Adjusted net revenues exclude investment gains and losses and dividends and interest on long-term incentive compensation-related investments, and 90% of the investment gains and losses of our consolidated venture capital fund attributable to non-controlling interests. In addition, adjusted net revenues offset distribution-related payments to third parties as well as amortization of deferred sales commissions against distribution revenues. We believe offsetting net revenues by distribution-related payments is useful for our investors and other users of our financial statements because such presentation appropriately reflects the nature of these costs as pass-through payments to third parties who perform functions on behalf of our sponsored mutual funds and/or shareholders of these funds. We offset amortization of deferred sales commissions against net revenues because such costs, over time, essentially offset our distribution revenues. We also exclude additional pass-through expenses we incur (primarily through our transfer agency) that are reimbursed and recorded as fees in revenues. During 2012, we offset sub-advisory payments to third parties against performance-based fees earned on the Public-Private Investment Program (“**PPIP**”) fund we managed. These fees have no impact on operating income, but they do have an impact on our operating margin. As such, we exclude these fees from adjusted net revenues.

Adjusted Operating Income

Adjusted operating income represents operating income on a US GAAP basis excluding (1) the impact on net revenues and compensation expense of the market-to-market gains and losses (as well as the dividends and interest) associated with employee long-term incentive compensation-related investments, (2) the 2011 compensation charge, (3) real estate charges, (4) insurance proceeds, (5) acquisition-related expenses, (6) adjustments to contingent payment arrangements and (7) the net income or loss of consolidated entities attributable to non-controlling interests.

Prior to 2009, a large proportion of employee compensation was in the form of long-term incentive compensation awards that were notionally invested in AllianceBernstein investment services and generally vested over a period of four years. AllianceBernstein economically hedged the exposure to market movements by purchasing and holding these investments on its balance sheet. All such investments have vested as of year-end 2012 and the investments have been distributed to the participants, except for those investments with respect to which the participant elected a long-term deferral. The investments’ appreciation or depreciation is recorded within investment gains and losses on the income statement, as well as increasing or decreasing compensation expense. Because this plan is economically hedged, management believes it is useful to reflect the offset achieved from hedging the investments’ market exposure in the calculation of adjusted operating income and adjusted operating margin. The non-GAAP measures exclude gains and losses and dividends and interest on long-term incentive compensation-related investments included in revenues and compensation expense.

Real estate charges have been excluded because they are not considered part of our core operating results when comparing financial results from period to period and to industry peers.

In the third quarter of 2011, we received significant insurance proceeds from the settlement of a claim that are not considered part of our core operating results and, therefore, have been excluded.

Acquisition-related expenses, primarily severance and professional fees incurred as a result of the WPS Acquisition, have been excluded because they are not considered part of our core operating results when comparing financial results from period to period and to industry peers.

The recording of a change in estimate of the contingent consideration payable relating to contingent payment arrangements included in the acquisition of Sun America’s alternative investment group (*discussed in Note 22 to our consolidated financial statements in Item 8*) is not considered part of our core operating results and, accordingly, has been excluded.

Most of the net income or loss of consolidated entities attributable to non-controlling interests relates to the 90% limited partner interests held by third parties in our consolidated venture capital fund. We own a 10% limited partner interest in the fund. Because we are the general partner of the venture capital fund and are deemed to have a controlling interest, US GAAP requires us to consolidate the financial results of the fund. However, recognizing 100% of the gains or losses in operating income while only retaining 10% is not reflective of our underlying financial results at the operating income level. As a result, we are excluding the 90% limited partner interests we do not own from our adjusted operating income. Similarly, net income of joint ventures attributable to non-controlling interests, although not significant, is excluded because it does not reflect the economic interest attributable to AllianceBernstein.

Adjusted Operating Margin

Adjusted operating margin allows us to monitor our financial performance and efficiency from period to period and to compare our performance to industry peers without the volatility noted above in our discussion of adjusted operating income. Adjusted operating margin is derived by dividing adjusted operating income by adjusted net revenues.

Net Revenues

The components of net revenues were as follows:

	Years Ended December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in millions)				
Investment advisory and services fees:					
Institutions:					
Base fees	\$ 402.0	\$ 425.4	\$ 599.5	(5.5)%	(29.0)%
Performance-based fees	36.1	59.3	16.0	(39.1)	271.1
	438.1	484.7	615.5	(9.6)	(21.3)
Retail:					
Base fees	817.5	695.1	644.1	17.6	7.9
Performance-based fees	7.4	2.9	—	148.2	n/m
	824.9	698.0	644.1	18.2	8.4
Private Client:					
Base fees	576.0	577.3	647.2	(0.2)	(10.8)
Performance-based fees	10.1	4.4	0.5	129.3	658.6
	586.1	581.7	647.7	0.8	(10.2)
Total:					
Base fees	1,795.5	1,697.8	1,890.8	5.8	(10.2)
Performance-based fees	53.6	66.6	16.5	(19.6)	302.6
	1,849.1	1,764.4	1,907.3	4.8	(7.5)
Bernstein research services	445.1	413.7	437.4	7.6	(5.4)
Distribution revenues	465.4	409.5	360.7	13.7	13.5
Dividend and interest income	20.0	21.3	21.5	(6.2)	(1.0)
Investment gains (losses)	33.3	29.2	(82.1)	14.2	n/m
Other revenues	105.0	101.8	107.6	3.2	(5.4)
Total revenues	2,917.9	2,739.9	2,752.4	6.5	(0.5)
Less: Interest expense	2.9	3.2	2.5	(9.2)	26.4
Net revenues	\$ 2,915.0	\$ 2,736.7	\$ 2,749.9	6.5	(0.5)

Investment Advisory and Services Fees

Investment advisory and services fees are the largest component of our revenues. These fees generally are calculated as a percentage of the value of AUM as of a specified date, or as a percentage of the value of average AUM for the applicable billing period, and vary with the type of investment service, the size of account and the total amount of assets we manage for a particular client. Accordingly, fee income generally increases or decreases as AUM increase or decrease and is therefore affected by market appreciation or depreciation, the addition of new client accounts or client contributions of additional assets to existing accounts, withdrawals of assets from and termination of client accounts, purchases and redemptions of mutual fund shares, shifts of assets between accounts or products with different fee structures, and acquisitions. Our average basis points realized (investment advisory fees divided by average AUM) generally approximate 50 to 70 basis points for actively managed equity services, 15 to 50 basis points for actively managed fixed income services and 5 to 20 basis points for passively managed services. As such, a shift of client assets from active equity services toward fixed income services and/or other services results in a decline in revenues just as a shift of assets toward active equity services would increase revenues.

We calculate AUM using established market-based valuation methods and fair valuation (non-observable market) methods. Market-based valuation methods include: last sale/settle prices from an exchange for actively-traded listed equities, options and futures; evaluated bid prices from recognized pricing vendors for fixed income, asset-backed or mortgage-backed issues; mid prices from recognized pricing vendors and brokers for credit default swaps; and quoted bids or spreads from pricing vendors and brokers for other derivative products. Fair valuation methods include: discounted cash flow models, evaluation of assets versus liabilities or any other methodology that is validated and approved by our Valuation Committee (*see paragraph immediately below* for more information regarding our Valuation Committee). Fair valuation methods are used only where AUM cannot be valued using market-based valuation methods, such as in the case of private equity or illiquid securities. Investments utilizing fair valuation methods typically make up an insignificant amount of our total AUM. Market volatility has not had a significant effect on our ability to acquire market data and, accordingly, our ability to use market-based valuation methods.

The Valuation Committee, which is composed of senior officers and employees, is responsible for overseeing the pricing and valuation of all investments held in client and AllianceBernstein portfolios. The Valuation Committee has adopted a Statement of Pricing Policies describing principles and policies that apply to pricing and valuing investments held in these portfolios. We also have a Pricing Group, which reports to the Valuation Committee, and is responsible for overseeing the pricing process for all investments.

[Table of Contents](#)

We sometimes charge our clients performance-based fees. In these situations, we charge a base advisory fee and are eligible to earn an additional performance-based fee or incentive allocation that is calculated as either a percentage of absolute investment results or a percentage of investment results in excess of a stated benchmark over a specified period of time. Some performance-based fees include a high-watermark provision, which generally provides that if a client account underperforms relative to its performance target (whether absolute or relative to a specified benchmark), it must gain back such underperformance before we can collect future performance-based fees. Therefore, if we fail to achieve our performance target for a particular period, we will not earn a performance-based fee for that period and, for accounts with a high-watermark provision, our ability to earn future performance-based fees will be impaired. We are eligible to earn performance-based fees on approximately 10% of the assets we manage for institutional clients and approximately 3% of the assets we manage for private clients (in total, approximately 6% of our company-wide AUM).

Our investment advisory and services fees increased \$84.7 million, or 4.8%, in 2013, due to a \$97.7 million, or 5.8%, increase in base fees, which primarily resulted from a 6.4% increase in average AUM, partially offset by a \$13.0 million decrease in performance-based fees. The decrease in performance-based fees was primarily related to the \$39.6 million performance-based fee we earned (\$18.0 million of which was paid to third party sub-advisors) during the third quarter of 2012 after we completed the liquidation of our Public-Private Investment Partnership fund (“**PPIP Fee**”). Our investment advisory and services fees decreased \$142.9 million, or 7.5%, in 2012, primarily due to a decrease in base fees of \$193.0 million, or 10.2%, which primarily resulted from an 8.0% decrease in average AUM and a continued shift in product mix from actively managed equity services to actively managed fixed income services in our Institutional AUM, offset by a \$50.1 million increase in performance-based fees (primarily as a result of the PPIP Fee).

Institutional investment advisory and service fees decreased \$46.6 million, 9.6%, in 2013. The decrease primarily was due to a \$23.4 million, or 5.5%, decrease in base fees due to the continued significant shift in product mix from actively managed equity services to actively managed fixed income services and a \$23.2 million decrease in performance-based fees (primarily as a result of the PPIP Fee). Average AUM for actively managed equity services decreased 29.6% while average AUM for actively managed fixed income services increased 7.3%. Institutional investment advisory and services fees decreased \$130.8 million, or 21.3%, in 2012, due to a \$174.1 million, or 29.0%, decrease in base fees, partly offset by a \$43.3 million increase in performance-based fees (primarily as a result of the PPIP Fee). The decrease in base fees primarily was due to a decrease in average AUM of 13.3% as well as a continued shift in product mix from actively managed equity services to actively managed fixed income services. Average AUM for actively managed equity services decreased 52.8% while average AUM for actively managed fixed income services increased 8.5%.

Retail investment advisory and services fees increased \$126.9 million, or 18.2%, in 2013, primarily due to a 16.5% increase in average AUM. Retail investment advisory and services fees increased \$53.9 million, or 8.4%, in 2012, due to a 3.4% increase in average AUM. The increase in fees in 2013 and 2012 as compared to an increase in average AUM primarily is due to a shift in product mix from long-term U.S. mutual funds and other Retail products and services towards long-term non-U.S. global fixed income mutual funds, which generally have higher fees as compared to long-term U.S. mutual funds and other Retail products and services.

Private Client investment advisory and services fees increased \$4.4 million, or 0.8%, in 2013, primarily due to an increase in performance-based fees of \$5.7 million, partially offset by a decrease in base fees of \$1.3 million, or 0.2%, as average billable AUM decreased 1.9%. The increase in fees reflected the impact of an asset mix shift from fixed income services to actively managed equity services and other (principally alternatives) services. Private Client investment advisory and services fees decreased \$66.0 million, or 10.2%, in 2012, primarily as a result of a decline in base fees of \$69.9 million, or 10.8%, reflecting a decrease in average billable AUM of 8.5% and the impact of a shift in product mix.

Bernstein Research Services

Bernstein Research Services revenue consists principally of equity commissions received for providing equity research and brokerage-related services to institutional investors.

Revenues from Bernstein Research Services increased \$31.4 million, or 7.6%, in 2013. The increase in 2013 was the result of strong growth in Europe and Asia. Revenues from Bernstein Research Services decreased \$23.7 million, or 5.4%, in 2012. The decrease in 2012 was the result of a significant decline in market trading volumes, partially offset by market share gains.

Distribution Revenues

AllianceBernstein Investments and AllianceBernstein (Luxembourg) S.A. (one of our subsidiaries) act as distributors and/or placing agents of company-sponsored mutual funds and receive distribution services fees from certain of those funds as partial reimbursement of the distribution expenses they incur. Period-over-period fluctuations of distribution revenues are typically in line with fluctuations of the corresponding average AUM of these mutual funds.

[Table of Contents](#)

Distribution revenues increased \$55.9 million, or 13.7%, and \$48.8 million, or 13.5%, in 2013 and 2012, respectively, while the corresponding average AUM of these mutual funds grew 14.9% and 14.6%, respectively. Average AUM of non B-share and non C-share mutual funds (which have lower distribution fee rates than B-share and C-share mutual funds) increased 18.3% in both periods, while average AUM of B-share and C-share mutual funds decreased by 0.5% in 2013 and increased by 0.6% in 2012.

Dividend and Interest Income and Interest Expense

Dividend and interest income consists primarily of investment income and interest earned on customer margin balances and U.S. Treasury Bills. Interest expense principally reflects interest accrued on cash balances in customers' brokerage accounts. Dividend and interest income, net of interest expense, decreased \$1.0 million and \$0.9 million, in 2013 and 2012, respectively.

Investment Gains (Losses)

Investment gains (losses) consist of realized and unrealized investment gains or losses on: (i) employee long-term incentive compensation-related investments, (ii) investments owned by our consolidated venture capital fund, (iii) U.S. Treasury Bills, (iv) market-making in cash equities and exchange-traded options and equities, (v) seed capital investments and (vi) derivatives. Investment gains (losses) also include realized gains or losses on the sale of seed capital investments classified as available-for-sale securities and equity in earnings of proprietary investments in limited partnership hedge funds that we sponsor and manage.

Investment gains (losses) are as follows:

	Years Ended December 31,		
	2013	2012	2011
	(in millions)		
Long-term incentive compensation-related investments			
Realized gains (losses)	\$ 1.8	\$ 1.3	\$ (8.3)
Unrealized gains (losses)	15.0	15.4	(12.0)
Consolidated private equity fund investments			
Realized gains (losses)			
Non-public investments	(6.5)	(8.4)	(3.1)
Public securities	(3.8)	(8.6)	2.3
	(10.3)	(17.0)	(0.8)
Unrealized gains (losses)			
Non-public investments	11.3	11.0	(2.1)
Public securities	10.8	7.2	(36.9)
	22.1	18.2	(39.0)
Seed capital investments			
Realized gains (losses)			
Seed capital	21.3	14.6	7.7
Derivatives	(20.7)	(35.7)	8.1
	0.6	(21.1)	15.8
Unrealized gains (losses)			
Seed capital	9.9	39.1	(22.1)
Derivatives	1.6	0.1	(3.7)
	11.5	39.2	(25.8)
Brokerage-related investments			
Realized gains (losses)	(7.6)	(4.8)	(12.4)
Unrealized gains (losses)	0.2	(2.0)	0.4
	<u>\$ 33.3</u>	<u>\$ 29.2</u>	<u>\$ (82.1)</u>

Other Revenues

Other revenues consist of fees earned for transfer agency services provided to company-sponsored mutual funds, fees earned for administration and recordkeeping services provided to company-sponsored mutual funds and the general accounts of AXA and its subsidiaries, and other miscellaneous revenues. Other revenues increased \$3.2 million, or 3.2%, in 2013 primarily due to higher shareholder servicing fees. Other revenues decreased \$5.8 million, or 5.4%, in 2012 due to lower shareholder servicing fees.

Expenses

The components of expenses were as follows:

	Years Ended December 31,			% Change	
	2013	2012	2011	2013-12	2012-11
	(in millions)				
Employee compensation and benefits:					
Employee compensation and benefits	\$ 1,212.0	\$ 1,168.6	\$ 1,246.9	3.7%	(6.3)%
Long-term incentive compensation charge	—	—	587.1	—	n/m
	1,212.0	1,168.6	1,834.0	3.7	(36.3)
Promotion and servicing:					
Distribution-related payments	423.2	367.1	302.7	15.3	21.3
Amortization of deferred sales commissions	41.3	40.3	37.7	2.5	6.9
Other	208.2	202.2	219.2	3.0	(7.8)
	672.7	609.6	559.6	10.4	8.9
General and administrative:					
General and administrative	423.1	507.7	532.9	(16.7)	(4.7)
Real estate charges	28.4	223.0	7.2	(87.3)	n/m
	451.5	730.7	540.1	(38.2)	35.3
Contingent payment arrangements	(10.2)	0.7	0.7	n/m	—
Interest	3.0	3.4	2.6	(13.6)	34.7
Amortization of intangible assets	21.8	21.4	21.4	2.4	—
Total	\$ 2,350.8	\$ 2,534.4	\$ 2,958.4	(7.2)	(14.3)

Employee Compensation and Benefits

Employee compensation and benefits consist of base compensation (including salaries and severance), annual short-term incentive compensation awards (cash bonuses), annual long-term incentive compensation awards, commissions, fringe benefits and other employment costs (including recruitment, training, temporary help and meals).

As a result of the changes made to our long-term incentive compensation program in 2011 (*discussed earlier in this Item 7*), we recorded a one-time, non-cash charge of \$587.1 million in the fourth quarter of 2011 for all unrecognized long-term incentive compensation on outstanding awards from prior years.

Compensation expense as a percentage of net revenues was 41.6%, 42.7% and 45.3% (excluding the one-time, non-cash charge) for the years ended December 31, 2013, 2012 and 2011, respectively. Compensation expense generally is determined on a discretionary basis and is primarily a function of our firm's financial performance. Amounts are awarded to help us achieve our key compensation goals of attracting, motivating and retaining top talent, by providing awards for the past year's performance and providing incentives for future performance, while also helping ensure that our firm's unitholders receive an appropriate return on their investment. Senior management, with the approval of the Compensation Committee of the Board of Directors of AllianceBernstein Corporation ("**Compensation Committee**"), confirmed that the appropriate metric to consider in determining the amount of incentive compensation is the ratio of adjusted employee compensation and benefits expense to adjusted net revenues. Adjusted net revenues used in the adjusted compensation ratio are the same as the adjusted net revenues presented as a non-GAAP measure (*discussed earlier in this Item 7*). Adjusted employee compensation and benefits expense is total employee compensation and benefits expense minus other employment costs such as recruitment, training, temporary help and meals (which were 1.1%, 1.1% and 1.4% of adjusted net revenues for 2013, 2012 and 2011, respectively), and excludes the impact of mark-to-market vesting expense, as well as dividends and interest expenses, associated with employee long-term incentive compensation-related investments. Senior management, with the approval of the Compensation Committee, also established as an objective that adjusted employee compensation and benefits expense generally should not exceed 50% of our adjusted net revenues except in unexpected or unusual circumstances. Our ratios of adjusted compensation expense as a percentage of adjusted net revenues were 48.7%, 49.8% and 50.3%, respectively, for the years ended December 31, 2013, 2012 and 2011. During the first nine months of 2013, we accrued adjusted compensation expense using a 50.0% ratio to record our estimate of incentive compensation to be awarded at year-end. During the fourth quarter of 2013, we maintained our estimate of incentive compensation to be awarded at year-end despite higher than forecasted revenues in the quarter. As a result, we accrued adjusted compensation expense using a 45.3% ratio, which resulted in a 48.7% full-year 2013 ratio.

In 2013, employee compensation and benefits expense increased \$43.4 million, or 3.7%, primarily due to higher incentive compensation (\$52.0 million) and commissions (\$9.9 million), partially offset by lower base compensation (\$17.0 million). In 2012, employee compensation and benefits expense decreased \$665.4 million, or 36.3%, primarily due to the one-time compensation charge (\$587.1 million) in 2011, lower base compensation (\$53.7 million) and lower payroll taxes (\$10.5 million).

Promotion and Servicing

Promotion and servicing expenses include distribution-related payments to financial intermediaries for distribution of AllianceBernstein mutual funds and amortization of deferred sales commissions paid to financial intermediaries for the sale of back-end load shares of AllianceBernstein mutual funds. Also included in this expense category are costs related to travel and entertainment, advertising and promotional materials.

Promotion and servicing expenses increased \$63.1 million, or 10.4%, in 2013. The increase primarily was the result of higher distribution-related payments of \$56.1 million (due to higher AUM), higher marketing costs of \$2.2 million, higher trade execution and clearing costs of \$2.0 million and higher transfer fees of \$1.2 million. Promotion and servicing expenses increased \$50.0 million, or 8.9%, in 2012. The increase reflects higher distribution-related payments of \$64.4 million, higher amortization of deferred sales commissions of \$2.6 million and higher marketing and advertising costs of \$2.7 million, partially offset by lower travel and entertainment of \$11.4 million, lower trade execution of \$5.0 million and lower transfer fees of \$4.5 million, all due to the prior year's increased business activity and new product launches.

General and Administrative

General and administrative expenses include technology, professional fees, occupancy, communications and similar expenses. General and administrative expenses as a percentage of net revenues were 15.5% (14.5% excluding real estate charges), 26.7% (18.6% excluding real estate charges) and 19.6% (19.4% excluding real estate charges) for the years ended December 31, 2013, 2012 and 2011, respectively. General and administrative expenses decreased \$279.2 million, or 38.2%, in 2013, primarily due to lower real estate charges of \$194.6 million, lower occupancy expenses of \$37.5 million (excluding real estate charges), lower portfolio services expenses of \$22.5 million, lower professional fees of \$12.9 million and lower technology expenses of \$6.9 million. General and administrative expenses increased \$190.6 million, or 35.3%, in 2012, primarily due to higher real estate charges of \$215.8 million, higher portfolio services expenses of \$18.6 million (primarily due to PPIP sub-advisor payments) and higher legal expenses of \$15.6 million (primarily due to our receipt of insurance proceeds of \$10.7 million in 2011), partially offset by lower occupancy expenses of \$27.7 million (excluding real estate charges), lower technology expenses of \$13.7 million and a cash receipt of \$6.5 million in 2012 relating to the finalization of a claims processing contingency originally recorded in 2006.

Contingent Payment Arrangements

Contingent payment arrangements reflect changes in estimates of contingent payment liabilities established in connection with acquisitions in previous periods, as well as accretion expense of these liabilities. The credit to operating expenses of \$10.2 million in 2013 reflects the change in estimate of the contingent consideration payable relating to the acquisition of Sun America's alternative investment group of \$10.8 million recorded in the fourth quarter of 2013, offset by accretion expense of \$0.6 million.

Income Taxes

AllianceBernstein, a private limited partnership, is not subject to federal or state corporate income taxes, but is subject to a 4.0% New York City unincorporated business tax ("UBT"). Our domestic corporate subsidiaries are subject to federal, state and local income taxes, and generally are included in the filing of a consolidated federal income tax return. Separate state and local income tax returns also are filed. Foreign corporate subsidiaries generally are subject to taxes in the jurisdictions where they are located.

Income tax expense increased \$23.1 million, or 167.6%, in 2013 compared to 2012. The increase is primarily due to significantly higher pre-tax earnings (in large part due to the 2012 real estate charges), partially offset by the impact of a lower effective tax rate in the current year of 6.5% compared to 6.8% in 2012.

Income tax expense increased \$10.6 million, or 344.3%, in 2012 compared to 2011. The increase primarily was due to higher operating income in 2012 (in large part due to the 2011 compensation charge offset by the 2012 real estate charges), partially offset by the UBT tax benefit recorded in the third quarter of 2012 (\$5.7 million). In the third quarter of 2012, application of the New York City tax law that sources various types of receipts from services performed by registered brokers and dealers of securities and commodities for purposes of apportioning income resulted in a reduction of our rate of tax for 2012 and to the rate of tax that we expect to pay in the future. As a result, we recognized a \$5.7 million tax benefit in the third quarter of 2012 relating to our full year 2011 and nine months 2012 UBT.

Net Income (Loss) in Consolidated Entities Attributable to Non-Controlling Interests

Net income (loss) of consolidated entities attributable to non-controlling interests consists of limited partner interests owned by other investors representing 90% of the total limited partner interests in our consolidated venture capital fund. In 2013, we had \$9.7 million of net income of consolidated entities attributable to non-controlling interests, primarily due to an \$11.8 million net investment gain attributable to our consolidated venture capital fund (of which 90% belongs to non-controlling interests) and management fees of \$0.9 million. In 2012, we had a \$0.3 million net loss of consolidated entities attributable to non-controlling interests, primarily due to a \$1.2 million net investment gain attributable to our consolidated venture capital fund and management fees of \$1.5 million.

Capital Resources and Liquidity

During 2013, net cash provided by operating activities was \$505.6 million, compared to \$684.0 million during 2012. The change primarily was due to a greater decrease in broker-dealer related payables (net of receivables and segregated U.S. Treasury Bills activity) of \$264.4 million, a decrease in accounts payable and accrued expenses of \$189.8 million, and higher net purchases of investments of \$147.7 million, due primarily to higher broker-dealer related purchases, partially offset by higher cash provided by net income of \$453.6 million. During 2012, net cash provided by operating activities was \$684.0 million, compared to \$578.2 million during 2011. The change primarily was due to lower net purchases of investments of \$247.5 million, primarily related to broker-dealer investments and seed capital investments, and lower broker-dealer related net receivables and segregated U.S. Treasury Bills of \$80.4 million, partially offset by lower cash provided by net income of \$103.6 million and increases in fees receivable and deferred sales commissions.

During 2013, net cash used in investing activities was \$57.1 million, compared to \$18.3 million during 2012, reflecting the acquisition we made in the current year for \$38.6 million (cash paid, net of cash acquired). During 2012, net cash used in investing activities was \$18.3 million, compared to \$76.7 million during 2011. The change primarily was due to the three acquisitions we made during 2011 for an aggregate of \$41.8 million. In addition, our net additions to furniture, equipment and leasehold improvements decreased \$19.3 million in 2012 as compared to 2011.

During 2013, net cash used in financing activities was \$562.4 million, compared to \$682.2 million during 2012. The change reflects lower purchases of Holding Units of \$126.4 million, lower net repayments of commercial paper of \$67.5 million, an increase in overdrafts payable of \$52.5 million and additional investment by Holding with the proceeds from the exercise of compensatory options to buy Holding Units of \$15.1 million, partially offset by higher distributions to the General Partner and unitholders of \$139.8 million as a result of higher earnings (distributions on earnings are paid one quarter in arrears). During 2012, net cash used in financing activities was \$682.2 million, compared to \$512.2 million during 2011. The increase reflects commercial paper net payments of \$123.3 million in 2012 compared to \$219.4 million of net issuances during 2011, offset by lower distributions to the General Partner and unitholders of \$155.0 million as a result of lower earnings (distributions on earnings are paid one quarter in arrears) and changes in overdrafts payable of \$38.4 million.

As of December 31, 2013, AllianceBernstein had \$509.9 million of cash and cash equivalents, all of which is available for liquidity, but consists primarily of cash on deposit for our broker dealers to comply with various customer clearing activities and cash held by foreign entities for which a permanent investment election for U.S. tax purposes is taken. If the cash held at our foreign subsidiaries of \$371.1 million, which includes cash on deposit for our foreign broker dealers, was to be repatriated to the U.S., we would be required to accrue and pay U.S. income taxes on these funds, based on the unremitted amount. Our current intent is to permanently reinvest these earnings outside the U.S.

Debt and Credit Facilities

As of December 31, 2013 and 2012, AllianceBernstein had \$268.4 million and \$323.2 million, respectively, in commercial paper outstanding with weighted average interest rates of approximately 0.3% and 0.5%, respectively. The commercial paper is short term in nature, and as such, recorded value is estimated to approximate fair value (and considered a Level 2 security in the fair value hierarchy). Average daily borrowings of commercial paper during 2013 and 2012 were \$282.0 million and \$404.9 million, respectively, with weighted average interest rates of approximately 0.3% and 0.4%, respectively.

AllianceBernstein has a \$1.0 billion committed, unsecured senior revolving credit facility (the “**Credit Facility**”) with a group of commercial banks and other lenders, which matures on January 17, 2017. The Credit Facility provides for possible increases in the principal amount by up to an aggregate incremental amount of \$250 million, any such increase being subject to the consent of the affected lenders. The Credit Facility is available for AllianceBernstein’s and SCB LLC’s business purposes, including the support of AllianceBernstein’s \$1.0 billion commercial paper program. Both AllianceBernstein and SCB LLC can draw directly under the Credit Facility and management may draw on the Credit Facility from time to time. AllianceBernstein has agreed to guarantee the obligations of SCB LLC under the Credit Facility.

The Credit Facility contains affirmative, negative and financial covenants, which are customary for facilities of this type, including, among other things, restrictions on dispositions of assets, restrictions on liens, a minimum interest coverage ratio and a maximum leverage ratio. As of December 31, 2013, we were in compliance with these covenants. The Credit Facility also includes customary events of default (with customary grace periods, as applicable), including provisions under which, upon the occurrence of an event of default, all outstanding loans may be accelerated and/or lender’s commitments may be terminated. Also, under such provisions, upon the occurrence of certain insolvency- or bankruptcy-related events of default, all amounts payable under the Credit Facility would automatically become immediately due and payable, and the lender’s commitments would automatically terminate.

[Table of Contents](#)

Amounts under the Credit Facility may be borrowed, repaid and re-borrowed by us from time to time until the maturity of the facility. Voluntary prepayments and commitment reductions requested by us are permitted at any time without fee (other than customary breakage costs relating to the prepayment of any drawn loans) upon proper notice and subject to a minimum dollar requirement. Borrowings under the Credit Facility bear interest at a rate per annum, which will be, at our option, a rate equal to an applicable margin, which is subject to adjustment based on the credit ratings of AllianceBernstein, plus one of the following indexes: London Interbank Offered Rate; a floating base rate; or the Federal Funds rate.

As of December 31, 2013 and 2012, we had no amounts outstanding under the Credit Facility. During 2013 and 2012, we did not draw upon the Credit Facility.

In addition, SCB LLC has five uncommitted lines of credit with four financial institutions. Two of these lines of credit permit us to borrow up to an aggregate of approximately \$200.0 million, with AllianceBernstein named as an additional borrower, while three lines have no stated limit. As of December 31, 2013 and 2012, SCB LLC had no bank loans outstanding. Average daily borrowings of bank loans during 2013 and 2012 were \$6.2 million and \$18.1 million, respectively, with weighted average interest rates of approximately 1.0% and 1.3%, respectively.

Our financial condition and access to public and private debt markets should provide adequate liquidity for our general business needs. Management believes that cash flow from operations and the issuance of debt and AllianceBernstein Units or Holding Units will provide us with the resources necessary to meet our financial obligations. See “Risk Factors” in Item 1A and “Cautions Regarding Forward-Looking Statements” in this Item 7 for a discussion of credit markets and our ability to renew our credit facilities at expiration.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Guarantees

Under various circumstances, AllianceBernstein guarantees the obligations of its consolidated subsidiaries.

AllianceBernstein maintains a guarantee in connection with the \$1.0 billion Credit Facility. If SCB LLC is unable to meet its obligations, AllianceBernstein will pay the obligations when due or on demand. In addition, AllianceBernstein maintains guarantees totaling \$400 million for three of SCB LLC’s uncommitted lines of credit.

AllianceBernstein maintains a guarantee with a commercial bank, under which we guarantee the obligations in the ordinary course of business of SCB LLC, SCBL and AllianceBernstein Holdings (Cayman) Ltd. (“**AB Cayman**”). We also maintain three additional guarantees with other commercial banks under which we guarantee approximately \$448 million of obligations for SCBL. In the event that SCB LLC, SCBL or AB Cayman is unable to meet its obligations, AllianceBernstein will pay the obligations when due or on demand.

We also have three smaller guarantees with a commercial bank totaling approximately \$3 million, under which we guarantee certain obligations in the ordinary course of business of two foreign subsidiaries.

We have not been required to perform under any of the above agreements and currently have no liability in connection with these agreements.

Aggregate Contractual Obligations

Our contractual obligations as of December 31, 2013 are as follows:

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years (in millions)	3-5 Years	More than 5 Years
Commercial paper	\$ 268.4	\$ 268.4	\$ —	\$ —	\$ —
Operating leases, net of sublease commitments	1,332.9	110.8	208.0	197.8	816.3
Funding commitments	22.8	3.5	19.3	—	—
Accrued compensation and benefits	314.5	182.3	76.8	24.1	31.3
Unrecognized tax benefits	3.0	1.0	1.3	0.7	—
Total	\$ 1,941.6	\$ 566.0	\$ 305.4	\$ 222.6	\$ 847.6

During 2009, we entered into a subscription agreement under which we committed to invest up to \$35 million, as amended in 2011, in a venture capital fund over a six-year period. As of December 31, 2013, we have funded \$24.9 million of this commitment.

During 2010, as general partner of AllianceBernstein U.S. Real Estate L.P. (the “**Real Estate Fund**”), we committed to invest \$25 million in the Real Estate Fund. As of December 31, 2013, we have funded \$12.4 million of this commitment.

During 2012, we entered into an investment agreement under which we committed to invest up to \$8 million in an oil and gas fund over a three-year period. As of December 31, 2013, we have funded \$7.9 million of this commitment.

Accrued compensation and benefits amounts in the table above exclude our accrued pension obligation. Offsetting our accrued compensation obligations are long-term incentive compensation-related investments and money market investments we funded totaling \$123.7 million, which are included in our consolidated statement of financial condition. Any amounts reflected on the consolidated statement of financial condition as payables (to broker-dealers, brokerage clients and company-sponsored mutual funds) and accounts payable and accrued expenses are excluded from the table above.

We expect to make contributions to our qualified profit sharing plan of approximately \$13 million in each of the next four years. We currently estimate that we will contribute \$6 million to our qualified, defined benefit retirement plan during 2014.

Contingencies

See Note 13 to our consolidated financial statements in Item 8 for a discussion of our commitments and contingencies.

Critical Accounting Estimates

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

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

Variable Interest Entities

In accordance with ASU 2009-17, *Consolidations (Topic 810) – Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*, the determination of whether a company is required to consolidate an entity is based on, among other things, an entity’s purpose and design, a company’s ability to direct the activities of the entity that most significantly impact the entity’s economic performance, and whether a company is obligated to absorb losses or receive benefits that could potentially be significant to the entity. The standard also requires ongoing assessments of whether a company is the primary beneficiary of a variable interest entity (“**VIE**”).

Significant judgment is required in the determination of whether we are the primary beneficiary of a VIE. If we, together with our related party relationships, are determined to be the primary beneficiary of a VIE, the entity will be consolidated within our consolidated financial statements. In order to determine whether we are the primary beneficiary of a VIE, management must make significant estimates and assumptions of probable future cash flows and assign probabilities to different cash flow scenarios. Assumptions made in such analyses include, but are not limited to, market prices of securities, market interest rates, potential credit defaults on individual securities or default rates on a portfolio of securities, gain realization, liquidity or marketability of certain securities, discount rates and the probability of certain other outcomes.

[Table of Contents](#)

We provide seed capital to our investment teams to develop new products and services for our clients. Our original seed investment typically represents all or a majority of the equity investment in the new product. Our seed investment portfolio has a weighted average age of approximately 14 months and we typically turn over approximately 50% of the seed investments annually. These investments are temporary in nature, and our equity ownership in these funds may fluctuate above and below 50% from one reporting period to the next. Our large seed capital investments range from \$1 million to \$30 million, with an average size of \$11 million. The Audit Committee of the Board of Directors has established a ceiling of \$550 million for the seed investment program. We evaluate our seed investments on a quarterly basis and consolidate such investments as required pursuant to US GAAP.

Goodwill

As of December 31, 2013, we had goodwill of \$3.0 billion on the consolidated statement of financial condition. We have determined that AllianceBernstein has only one reporting segment and reporting unit. We test our goodwill annually, as of September 30, for impairment. As of September 30, 2013, the impairment test indicated that goodwill was not impaired. The carrying value of goodwill is also reviewed if facts and circumstances occur that suggest possible impairment, such as significant declines in AUM, revenues, earnings or the price of a Holding Unit.

On an annual basis, or when circumstances suggest it is necessary, we start with step one of our two-step goodwill impairment test. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of AllianceBernstein, the reporting unit, with its carrying value, including goodwill. If the fair value of the reporting unit exceeds its carrying value, goodwill is considered not impaired and the second step of the impairment test is not performed. However, if the carrying value of the reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step compares the implied fair value of the reporting unit to the aggregated fair values of its individual assets and liabilities to determine the amount of impairment, if any.

AllianceBernstein estimates its fair value under both the market approach and income approach. Under the market approach, the fair value of the reporting unit is based on its unadjusted market valuation (AllianceBernstein Units outstanding multiplied by the price of a Holding Unit) and adjusted market valuations assuming a control premium and earnings multiples. The price of a publicly-traded AllianceBernstein Holding Unit serves as a reasonable starting point for valuing an AllianceBernstein Unit because each represents the same fractional interest in our underlying business. Our market approach analysis also includes control premiums, which are based on an analysis of control premiums for relevant recent acquisitions, and comparable industry earnings multiples applied to our earnings forecast. Under the income approach, the fair value of the reporting unit is based on the present value of estimated future cash flows. Determining estimated fair value using a discounted cash flow valuation technique consists of applying business growth rate assumptions over the estimated life of the goodwill asset and then discounting the resulting expected cash flows using an estimated weighted average cost of capital of market participants to arrive at a present value amount that approximates fair value.

Real Estate Charges

During 2010 and 2012, we performed comprehensive reviews of our office real estate requirements and determined to consolidate office space and sub-lease the excess office space. As a result, we recorded real estate charges that reflect the net present value of the difference between the amount of our on-going contractual lease obligations for the vacated floors and our estimate of current market rental rates for such floors. The charges we recorded were based on current assumptions at the time of the charges regarding sublease marketing periods, costs to prepare the properties to market, market rental rates, broker commissions and subtenant allowances/incentives, all of which are factors largely beyond our control. If our assumptions prove to be incorrect, we may need to record additional charges or reduce previously recorded charges. We review the assumptions and estimates we used in recording these charges on a quarterly basis.

Loss Contingencies

Management continuously reviews with legal counsel the status of regulatory matters and pending or threatened litigation. We evaluate the likelihood that a loss contingency exists and record a loss contingency if it is both probable and reasonably estimable as of the date of the financial statements. *See Note 13 to our consolidated financial statements in Item 8.*

Accounting Pronouncements

See Note 2 to our consolidated financial statements in Item 8.

Cautions Regarding Forward-Looking Statements

Certain statements provided by management in this report are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The most significant of these factors include, but are not limited to, the following: the performance of financial markets, the investment performance of sponsored investment products and separately-managed accounts, general economic conditions, industry trends, future acquisitions, competitive conditions and government regulations, including changes in tax regulations and rates and the manner in which the earnings of publicly-traded partnerships are taxed. We caution readers to carefully consider such factors. Further, such forward-looking statements speak only as of the date on which such statements are made; we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. For further information regarding these forward-looking statements and the factors that could cause actual results to differ, see “Risk Factors” in Item 1A. Any or all of the forward-looking statements that we make in this Form 10-K, other documents we file with or furnish to the SEC, and any other public statements we issue, may turn out to be wrong. It is important to remember that other factors besides *those listed in “Risk Factors” and those listed below* could also adversely affect our revenues, financial condition, results of operations and business prospects.

The forward-looking statements referred to in the preceding paragraph include statements regarding:

- ***Our belief that the cash flow Holding realizes from its investment in AllianceBernstein will provide Holding with the resources necessary to meet its financial obligations:*** Holding’s cash flow is dependent on the quarterly cash distributions it receives from AllianceBernstein. Accordingly, Holding’s ability to meet its financial obligations is dependent on AllianceBernstein’s cash flow from its operations, which is subject to the performance of the capital markets and other factors beyond our control.
- ***Our financial condition and ability to access the public and private capital markets providing adequate liquidity for our general business needs:*** Our financial condition is dependent on our cash flow from operations, which is subject to the performance of the capital markets, our ability to maintain and grow client assets under management and other factors beyond our control. Our ability to access the public and private capital markets on reasonable terms may be limited by adverse market conditions, our firm’s long-term credit ratings, our profitability and changes in government regulations, including tax rates and interest rates.
- ***The outcome of litigation:*** Litigation is inherently unpredictable, and excessive damage awards do occur. Though we have stated that we do not expect certain pending legal proceedings to have a material adverse effect on our results of operations, financial condition or liquidity, any settlement or judgment with respect to a pending or future legal proceeding could be significant, and could have such an effect.
- ***The possibility that we will engage in open market purchases of Holding Units to help fund anticipated obligations under our incentive compensation award program:*** The number of Holding Units AllianceBernstein may decide to buy in future periods, if any, to help fund incentive compensation awards is dependent upon various factors, some of which are beyond our control, including the fluctuation in the price of a Holding Unit (NYSE: AB) and the availability of cash to make these purchases.
- ***The pipeline of new institutional mandates not yet funded:*** Before they are funded, institutional mandates do not represent legally binding commitments to fund and, accordingly, the possibility exists that not all mandates will be funded in the amounts and at the times currently anticipated.
- ***Our determination that adjusted employee compensation expense should not exceed 50% of our adjusted net revenues:*** Aggregate employee compensation reflects employee performance and competitive compensation levels. Fluctuations in our revenues and/or changes in competitive compensation levels could result in adjusted employee compensation expense being higher than 50% of our adjusted net revenues.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market Risk, Risk Management and Derivative Financial Instruments

Our investments consist of trading, available-for-sale investments and other investments. Trading and available-for-sale investments include United States Treasury Bills, mutual funds, exchange-traded options and various separately-managed portfolios consisting of equity and fixed income securities. Trading investments are purchased for short-term investment, principally to fund liabilities related to long-term incentive compensation plans and to seed new investment services. Although available-for-sale investments are purchased for long-term investment, the portfolio strategy considers them available-for-sale from time to time due to changes in market interest rates, equity prices and other relevant factors. Other investments include investments in hedge funds we sponsor, our consolidated venture capital fund and other private equity investment vehicles.

We enter into various futures, forwards and swaps to economically hedge our seed capital investments. In addition, we have currency forwards that economically hedge certain cash accounts. We do not hold any derivatives designated in a formal hedge relationship under ASC 815-10, *Derivatives and Hedging*. See Note 7 to our consolidated financial statements in Item 8.

*Trading and Non-Trading Market Risk Sensitive Instruments***Investments with Interest Rate Risk—Fair Value**

The table below provides our potential exposure with respect to our fixed income investments, measured in terms of fair value, to an immediate 100 basis point increase in interest rates at all maturities from the levels prevailing as of December 31, 2013 and 2012. Such a fluctuation in interest rates is a hypothetical rate scenario used to calibrate potential risk and does not represent our view of future market changes. While these fair value measurements provide a representation of interest rate sensitivity of our investments in fixed income mutual funds and fixed income hedge funds, they are based on our exposures at a particular point in time and may not be representative of future market results. These exposures will change as a result of ongoing changes in investments in response to our assessment of changing market conditions and available investment opportunities:

	As of December 31,			
	2013		2012	
	Fair Value	Effect of +100 Basis Point Change	Fair Value	Effect of +100 Basis Point Change
	(in thousands)			
Fixed Income Investments:				
Trading	\$ 237,325	\$ (12,910)	\$ 206,998	\$ (10,412)
Available-for-sale and other investments	64	(3)	6,296	(317)

Investments with Equity Price Risk—Fair Value

Our investments also include investments in equity securities, mutual funds and hedge funds. The following table provides our potential exposure with respect to our equity investments, measured in terms of fair value, to an immediate 10% drop in equity prices from those prevailing as of December 31, 2013 and 2012. A 10% decrease in equity prices is a hypothetical scenario used to calibrate potential risk and does not represent our view of future market movements. While these fair value measurements provide a representation of equity price sensitivity of our investments in equity securities, mutual funds and hedge funds, they are based on our exposures at a particular point in time and may not be representative of future market results. These exposures will change as a result of ongoing portfolio activities in response to our assessment of changing market conditions and available investment opportunities:

	As of December 31,			
	2013		2012	
	Fair Value	Effect of -10% Equity Price Change	Fair Value	Effect of -10% Equity Price Change
	(in thousands)			
Equity Investments:				
Trading	\$ 336,786	\$ (33,679)	\$ 268,541	\$ (26,854)
Available-for-sale and other investments	205,419	(20,542)	250,666	(25,067)

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the General Partner and Unitholders of
AllianceBernstein L.P.:

In our opinion, the accompanying consolidated statements of financial condition and the related consolidated statements of income, comprehensive income, changes in partners' capital and cash flows present fairly, in all material respects, the financial position of AllianceBernstein L.P. and its subsidiaries ("AllianceBernstein") at December 31, 2013 and December 31, 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, AllianceBernstein maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). AllianceBernstein's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in *Management's Report on Internal Control over Financial Reporting* appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on AllianceBernstein's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 12, 2014

AllianceBernstein L.P. and Subsidiaries

Consolidated Statements of Financial Condition

	December 31,	
	2013	2012
	(in thousands, except unit amounts)	
ASSETS		
Cash and cash equivalents	\$ 509,891	\$ 627,182
Cash and securities segregated, at fair value (cost \$980,458 and \$1,551,177)	980,584	1,551,326
Receivables, net:		
Brokers and dealers	323,446	408,037
Brokerage clients	938,148	942,034
Fees	289,039	265,685
Investments:		
Long-term incentive compensation-related	117,579	122,977
Other	662,015	609,357
Furniture, equipment and leasehold improvements, net	174,518	196,125
Goodwill	2,986,539	2,954,327
Intangible assets, net	168,875	169,208
Deferred sales commissions, net	70,574	95,430
Other assets	164,643	173,362
Total assets	\$ 7,385,851	\$ 8,115,050
LIABILITIES AND CAPITAL		
Liabilities:		
Payables:		
Brokers and dealers	\$ 291,023	\$ 220,736
Securities sold not yet purchased	71,983	63,838
Brokerage clients	1,698,469	2,563,061
AllianceBernstein mutual funds	133,005	156,679
Accounts payable and accrued expenses	529,004	499,076
Accrued compensation and benefits	324,243	485,229
Debt	268,398	323,163
Total liabilities	3,316,125	4,311,782
Commitments and contingencies (See Note 13)		
Capital:		
General Partner	40,382	41,213
Limited partners: 268,373,419 and 277,600,901 units issued and outstanding	4,078,676	4,165,461
Receivables from affiliates	(16,542)	(8,441)
Holding Units held for long-term incentive compensation plans	(39,649)	(389,941)
Accumulated other comprehensive income (loss)	(35,381)	(48,526)
Partners' capital attributable to AllianceBernstein Unitholders	4,027,486	3,759,766
Non-controlling interests in consolidated entities	42,240	43,502
Total capital	4,069,726	3,803,268
Total liabilities and capital	\$ 7,385,851	\$ 8,115,050

See Accompanying Notes to Consolidated Financial Statements.

AllianceBernstein L.P. and Subsidiaries

Consolidated Statements of Income

	Years Ended December 31,		
	2013	2012	2011
(in thousands, except per unit amounts)			
Revenues:			
Investment advisory and services fees	\$ 1,849,105	\$ 1,764,475	\$ 1,907,318
Bernstein research services	445,083	413,707	437,414
Distribution revenues	465,424	409,488	360,722
Dividend and interest income	19,962	21,286	21,499
Investment gains (losses)	33,339	29,202	(82,081)
Other revenues	105,058	101,801	107,569
Total revenues	<u>2,917,971</u>	<u>2,739,959</u>	<u>2,752,441</u>
Less: Interest expense	2,924	3,222	2,550
Net revenues	<u>2,915,047</u>	<u>2,736,737</u>	<u>2,749,891</u>
Expenses:			
Employee compensation and benefits:			
Employee compensation and benefits	1,212,011	1,168,645	1,246,898
Long-term incentive compensation charge	—	—	587,131
Promotion and servicing:			
Distribution-related payments	423,200	367,090	302,684
Amortization of deferred sales commissions	41,279	40,262	37,675
Other	208,192	202,191	219,197
General and administrative:			
General and administrative	423,043	507,682	532,896
Real estate charges	28,424	223,038	7,235
Contingent payment arrangements	(10,174)	682	682
Interest on borrowings	2,962	3,429	2,545
Amortization of intangible assets	21,859	21,353	21,417
Total expenses	<u>2,350,796</u>	<u>2,534,372</u>	<u>2,958,360</u>
Operating income (loss)	564,251	202,365	(208,469)
Income tax expense	36,829	13,764	3,098
Net income (loss)	527,422	188,601	(211,567)
Net income (loss) of consolidated entities attributable to non-controlling interests	9,746	(315)	(36,799)
Net income (loss) attributable to AllianceBernstein Unitholders	\$ 517,676	\$ 188,916	\$ (174,768)
Net income (loss) per AllianceBernstein Unit:			
Basic	<u>\$ 1.89</u>	<u>\$ 0.67</u>	<u>\$ (0.62)</u>
Diluted	<u>\$ 1.88</u>	<u>\$ 0.67</u>	<u>\$ (0.62)</u>

See Accompanying Notes to Consolidated Financial Statements.

AllianceBernstein L.P. and Subsidiaries

Consolidated Statements of Comprehensive Income

	Years Ended December 31,		
	2013	2012	2011
	(in thousands)		
Net income (loss)	\$ 527,422	\$ 188,601	\$ (211,567)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(12,422)	(1,253)	1,802
Income tax benefit (expense)	—	796	(1,405)
Foreign currency translation adjustments, net of tax	(12,422)	(457)	397
Unrealized (losses) gains on investments:			
Unrealized gains arising during period	819	1,375	225
Less: reclassification adjustment for gains (losses) included in net income	4,715	47	(34)
Changes in unrealized (losses) gains on investments	(3,896)	1,328	259
Income tax benefit (expense)	1,130	(780)	302
Unrealized (losses) gains on investments, net of tax	(2,766)	548	561
Changes in employee benefit related items:			
Amortization of transition asset	(47)	(143)	(143)
Amortization of prior service cost	5,828	107	107
Recognized actuarial gain (loss)	22,853	(10,074)	(15,408)
Changes in employee benefit related items	28,634	(10,110)	(15,444)
Income tax (expense) benefit	(444)	(134)	340
Employee benefit related items, net of tax	28,190	(10,244)	(15,104)
Other comprehensive income (loss)	13,002	(10,153)	(14,146)
Less: Comprehensive income (loss) in consolidated entities attributable to non-controlling interests	9,603	(354)	(37,316)
Comprehensive income (loss) attributable to AllianceBernstein Unitholders	\$ 530,821	\$ 178,802	\$ (188,397)

See Accompanying Notes to Consolidated Financial Statements.

AllianceBernstein L.P. and Subsidiaries

Consolidated Statements of Changes in Partners' Capital

	Years Ended December 31,		
	2013	2012	2011
	(in thousands)		
General Partner's Capital			
Balance, beginning of year	\$ 41,213	\$ 42,632	\$ 48,986
Net income (loss)	5,177	1,889	(1,748)
Cash distributions to General Partner	(4,623)	(3,226)	(4,775)
Long-term incentive compensation plans activity	643	(82)	132
Retirement of AllianceBernstein Units, net of issuances	(2,028)	—	—
Purchase of Australian joint venture non-controlled interest	—	—	37
Balance, end of year	40,382	41,213	42,632
Limited Partners' Capital			
Balance, beginning of year	4,165,461	4,306,760	4,905,037
Net income (loss)	512,498	187,027	(173,020)
Cash distributions to unitholders	(456,659)	(318,208)	(471,691)
Long-term incentive compensation plans activity	59,924	(6,923)	49,290
Retirement of AllianceBernstein Units, net of issuances	(202,548)	(3,195)	(6,522)
Purchase of Australian joint venture non-controlled interest	—	—	3,666
Balance, end of year	4,078,676	4,165,461	4,306,760
Receivables from Affiliates			
Balance, beginning of year	(8,441)	(12,135)	(15,973)
Capital contributions from General Partner	3,386	4,440	4,793
Compensation plan accrual	(695)	(746)	(955)
Reclass of receivable from Holding	(9,226)	—	—
Capital contributions to Holding	(1,566)	—	—
Balance, end of year	(16,542)	(8,441)	(12,135)
Holding Units held for Long-term Incentive Compensation Plans			
Balance, beginning of year	(389,941)	(323,382)	(535,410)
Purchases of Holding Units to fund long-term compensation plans, net	(111,619)	(238,015)	(220,813)
Reclassification from liability-based awards	130,777	130,281	—
Retirement of AllianceBernstein Units, net of issuances	202,772	—	—
Long-term incentive compensation awards expense	162,771	20,661	437,743
Re-valuation of Holding Units held in rabbi trust	(34,409)	20,514	(4,902)
Balance, end of year	(39,649)	(389,941)	(323,382)
Accumulated Other Comprehensive Income (Loss)			
Balance, beginning of year	(48,526)	(38,413)	(31,801)
Unrealized gain (loss) on investments, net of tax	(2,766)	548	528
Foreign currency translation adjustment, net of tax	(12,279)	(417)	7,964
Changes in employee benefit related items, net of tax	28,190	(10,244)	(15,104)
Balance, end of year	(35,381)	(48,526)	(38,413)
Total Partners' Capital attributable to AllianceBernstein Unitholders	4,027,486	3,759,766	3,975,462
Non-controlling Interests in Consolidated Entities			
Balance, beginning of year	43,502	54,025	124,517
Net income (loss)	9,746	(315)	(36,799)
Unrealized (loss) gain on investments	—	—	33
Foreign currency translation adjustment	(143)	(39)	(550)
Acquisitions	—	(1)	(32,103)
Distributions to non-controlling interests of our consolidated venture capital fund activities	(10,865)	(10,168)	(1,073)
Balance, end of year	42,240	43,502	54,025
Total Capital	\$ 4,069,726	\$ 3,803,268	\$ 4,029,487

See Accompanying Notes to Consolidated Financial Statements.

AllianceBernstein L.P. and Subsidiaries

Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2013	2012	2011
	(in thousands)		
Cash flows from operating activities:			
Net income (loss)	\$ 527,422	\$ 188,601	\$ (211,567)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Amortization of deferred sales commissions	41,279	40,262	37,675
Non-cash long-term incentive compensation expense	159,020	21,830	474,103
Depreciation and other amortization	60,009	76,257	83,489
Unrealized (gains) losses on long-term incentive compensation-related investments	(14,985)	(15,395)	12,037
Unrealized (gains) losses on consolidated venture capital fund	(22,148)	(18,233)	38,974
Unrealized (gains) losses on other investments	(4,947)	(40,541)	23,535
Real estate asset write-off charges	3,837	41,450	4,639
Other, net	(70)	1,552	5,069
Changes in assets and liabilities:			
Decrease (increase) in segregated cash and securities	570,742	(271,471)	(169,964)
Decrease (increase) in receivables	140,254	(226,553)	1,164
(Increase) decrease in investments	(10,781)	136,901	(110,600)
(Increase) in deferred sales commissions	(16,423)	(75,693)	(21,518)
Decrease (increase) in other assets	755	4,363	(26,048)
(Decrease) increase in payables	(867,447)	613,345	284,680
(Decrease) increase in accounts payable and accrued expenses	(51,880)	137,898	(26,343)
(Decrease) increase in accrued compensation and benefits	(9,076)	69,406	178,870
Net cash provided by operating activities	505,561	683,979	578,195
Cash flows from investing activities:			
Purchases of investments	(7,702)	(108)	(56)
Proceeds from sales of investments	10,884	780	3,507
Purchases of furniture, equipment and leasehold improvements	(21,615)	(21,650)	(39,590)
Proceeds from sales of furniture, equipment and leasehold improvements	12	2,636	1,251
Purchase of businesses, net of cash acquired	(38,636)	—	(41,835)
Net cash used in investing activities	(57,057)	(18,342)	(76,723)
Cash flows from financing activities:			
(Repayment) issuance of commercial paper, net	(55,754)	(123,250)	219,363
Increase (decrease) in overdrafts payable	52,277	(244)	(38,640)
Distributions to General Partner and unitholders	(461,282)	(321,434)	(476,466)
Distributions to non-controlling interests in consolidated entities	(10,865)	(10,168)	(1,073)
Capital contributions from General Partner	3,386	4,440	4,793
Capital contributions to Holding	(1,566)	—	—
Payments of contingent payment arrangements	(4,426)	—	—
Additional investments by Holding with proceeds from exercise of compensatory options to buy Holding Units	15,138	—	1,478
Additional investments by Holding from distributions paid to AllianceBernstein consolidated rabbi trust	14,076	11,595	5,727
Purchases of Holding Units to fund long-term incentive compensation plan awards, net	(111,619)	(238,015)	(220,813)
Purchases of AllianceBernstein Units	(1,805)	(3,195)	(6,522)
Other	62	(1,964)	(95)
Net cash used in financing activities	(562,378)	(682,235)	(512,248)
Effect of exchange rate changes on cash and cash equivalents	(3,417)	5,099	(734)
Net (decrease) in cash and cash equivalents	(117,291)	(11,499)	(11,510)
Cash and cash equivalents as of beginning of the period	627,182	638,681	650,191
Cash and cash equivalents as of end of the period	\$ 509,891	\$ 627,182	\$ 638,681
Cash paid:			
Interest paid	\$ 3,692	\$ 4,809	\$ 3,001
Income taxes paid	13,423	10,063	29,477
Non-cash investing activities:			
Fair value of assets acquired	81,929	—	30,368
Fair value of liabilities assumed	43,293	—	4,999
Non-cash financing activities:			
Payables recorded under contingent payment arrangements	17,100	—	4,400

See Accompanying Notes to Consolidated Financial Statements.

The words “*we*” and “*our*” refer collectively to AllianceBernstein L.P. and its subsidiaries (“*AllianceBernstein*”), or to their officers and employees. Similarly, the word “*company*” refers to AllianceBernstein. Cross-references are in italics.

1. Business Description and Organization

We provide research, diversified investment management and related services globally to a broad range of clients. Our principal services include:

- Institutional Services—servicing our institutional clients, including private and public pension plans, foundations and endowments, insurance companies, central banks and governments worldwide, and affiliates such as AXA and its subsidiaries, by means of separately-managed accounts, sub-advisory relationships, structured products, collective investment trusts, mutual funds, hedge funds and other investment vehicles.
- Retail Services—servicing our retail clients, primarily by means of retail mutual funds sponsored by AllianceBernstein or an affiliated company, sub-advisory relationships with mutual funds sponsored by third parties, separately-managed account programs sponsored by financial intermediaries worldwide and other investment vehicles.
- Private Client Services—servicing our private clients, including high-net-worth individuals and families, trusts and estates, charitable foundations, partnerships, private and family corporations, and other entities (including most institutions for which we manage accounts with less than \$25 million in assets), by means of separately-managed accounts, hedge funds, mutual funds and other investment vehicles.
- Bernstein Research Services—servicing institutional investors, such as pension fund, hedge fund and mutual fund managers, seeking high-quality fundamental research, quantitative services and brokerage-related services in equities and listed options.

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

Our high-quality, in-depth research is the foundation of our business. Our research disciplines include economic, fundamental equity, fixed income and quantitative research. In addition, we have experts focused on multi-asset strategies, wealth management and alternatives.

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

- Actively-managed equity strategies, including style-pure (*e.g.*, value and growth) and absolute return-focused strategies ;
- Actively-managed traditional and unconstrained fixed income strategies, including taxable and tax-exempt strategies;
- Passive management, including index and enhanced index strategies;
- Alternative investments, including hedge funds, fund of funds and private equity (*e.g.*, direct real estate investing); and
- Multi-asset services and solutions, including dynamic asset allocation, customized target date funds, target risk funds and other strategies tailored to help clients meet their investment goals.

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

As of December 31, 2013, AXA, a *société anonyme* organized under the laws of France and the holding company for an international group of insurance and related financial services companies, through certain of its subsidiaries (“**AXA and its subsidiaries**”) owned approximately 1.5% of the issued and outstanding units representing assignments of beneficial ownership of limited partnership interests in AllianceBernstein Holding L.P. (“**Holding Units**”).

[Table of Contents](#)

As of December 31, 2013, the ownership structure of AllianceBernstein, expressed as a percentage of general and limited partnership interests, was as follows:

AXA and its subsidiaries	63.1%
Holding	35.4
Unaffiliated holders	1.5
	<u>100.0%</u>

AllianceBernstein Corporation (an indirect wholly-owned subsidiary of AXA, “**General Partner**”) is the general partner of both AllianceBernstein Holding L.P. (“**Holding**”) and AllianceBernstein. AllianceBernstein Corporation owns 100,000 general partnership units in Holding and a 1% general partnership interest in AllianceBernstein. Including both the general partnership and limited partnership interests in Holding and AllianceBernstein, AXA and its subsidiaries had an approximate 63.7% economic interest in AllianceBernstein as of December 31, 2013.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“**US GAAP**”). The preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Principles of Consolidation

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

Recently Adopted Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (“**FASB**”) issued Accounting Standards Update (“**ASU**”) 2011-11, *Disclosures about Offsetting Assets and Liabilities*. The amended standard requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. We adopted this standard effective as of January 1, 2013 (*see Note 8*) and there was no material impact on our consolidated financial statements.

In February 2013, the FASB issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The standard requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. We adopted this standard effective as of January 1, 2013. However, no additional disclosures are required because amounts reclassified out of accumulated other comprehensive income are not material.

Accounting Pronouncements Not Yet Adopted

In March 2013, the FASB issued ASU 2013-05, *Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*. The amendment is effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013 and is not expected to have a material impact on our financial condition or results of operations.

In July 2013, the FASB issued ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. The amendment is effective prospectively for fiscal years (and interim periods within those years) beginning after December 15, 2013 and is not expected to have a material impact on our financial condition or results of operations.

Reclassifications

During 2013, we reclassified prior-period amounts relating to the servicing portion of the investment advisory base fees earned by AllianceBernstein Japan Ltd. (one of our subsidiaries) for the distribution of local-market funds from investment advisory base fees to distribution revenues in the consolidated statements of income to conform to the current year’s presentation. This reclassification is consistent with the methodology used by AllianceBernstein Luxembourg S.A. (another of our subsidiaries, “**AllianceBernstein Luxembourg**”) related to the distribution of our funds that are not registered in the U.S. and generally not offered to U.S. persons (“**Non-U.S Funds**”).

Accretion expense related to contingent payment arrangements previously presented as a component of general and administrative expense is now presented separately for all periods as contingent payment arrangements in the consolidated statements of income to conform to the current year's presentation.

Variable Interest Entities

In accordance with ASU 2009-17, *Consolidation (Topic 810) – Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*, the determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design, a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance, and whether a company is obligated to absorb losses or receive benefits that could potentially be significant to the entity. The standard also requires ongoing assessments of whether a company is the primary beneficiary of a variable interest entity ("VIE"). In January 2010, the FASB deferred portions of ASU 2009-17 that relate to asset managers. We determined that all entities for which we are a sponsor and/or investment manager, other than collateralized debt obligations and collateralized loan obligations (collectively, "CDOs"), qualify for the scope deferral and will continue to be assessed for consolidation under prior accounting guidance for consolidation of VIEs.

For all new investment products and entities developed by the company (other than CDOs), we first determine whether the entity is a VIE, which involves determining an entity's variability and variable interests, identifying the holders of the equity investment at risk and assessing the five characteristics of a VIE. Once an entity has been determined to be a VIE, we then identify the primary beneficiary of the VIE. If we are deemed to be the primary beneficiary of the VIE, then we consolidate the entity.

We provide seed capital to our investment teams to develop new products and services for our clients. Our original seed investment typically represents all or a majority of the equity investment in the new product. Our seed investment portfolio has a weighted average age of approximately 14 months and we typically turn over approximately 50% of the seed investments annually. These investments are temporary in nature, and our equity ownership in these funds may fluctuate above and below 50% from one reporting period to the next. Our large seed capital investments range from \$1 million to \$30 million, with an average size of \$11 million. The Audit Committee of the Board of Directors has established a ceiling of \$550 million for the seed investment program. We evaluate our seed investments on a quarterly basis and consolidate such investments as required pursuant to US GAAP.

As of December 31, 2013, we were the investment manager for four CDOs that meet the definition of a VIE primarily due to the lack of unilateral decision-making authority of the equity holders. The CDOs are alternative investment vehicles created for the sole purpose of issuing collateralized debt instruments that offer investors the opportunity for returns that vary with the risk level of their investment. Our management fee structure for these CDOs typically will include a senior management fee, and may also include subordinated and incentive management fees. We hold no equity interest in any of these CDOs. For each of the CDOs, we evaluated the management fee structure, the current and expected economic performance of the entities and other provisions included in the governing documents of the CDOs that might restrict or guarantee an expected loss or residual return. In accordance with ASC 810, *Consolidation*, we concluded that our investment management contract does not represent a variable interest in three of the four CDOs. As such, we are not required to consolidate these entities.

For the remaining CDO, we concluded our collateral management agreement represented a variable interest primarily due to the level of subordinated fees. We evaluated whether we possessed both of the following characteristics of a controlling financial interest: (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. We determined that we possessed the decision-making power noted in criteria (1).

In evaluating criteria (2), we considered all facts regarding the design, terms and characteristics of the CDO and concluded that we do not meet the criteria. Our conclusion was based on the following quantitative and qualitative factors: (a) we have no involvement with the CDO beyond providing investment management services, (b) we hold no equity or debt interests in the CDO, (c) we are not a transferor of any of the assets of the CDO, (d) our expected aggregate fees in future periods are insignificant relative to the expected cash flows of the CDO, (e) the variability of our expected fees in relation to the expected cash flows of the CDO is insignificant, (f) our maximum exposure to loss for the CDO is our investment management fee, which is based upon the fair value of the CDO's assets, (g) the CDO has no recourse against us for any losses sustained in the CDO structure, (h) we have not provided, nor do we expect to provide, any financial or other support to the CDO, and (i) there are no liquidity arrangements, guarantees and/or other commitments by third parties that would impact our variable interest in the CDO. As such, we do not have a controlling financial interest in the CDO and we do not consolidate the CDO into our consolidated financial statements. The cash, collateral investments (at fair value) and notes payable (at amortized cost) as of December 31, 2013 of this CDO were \$17.9 million, \$241.8 million and \$254.4 million, respectively.

For the entities that meet the scope deferral, management reviews its agreements quarterly and its investments in, and other financial arrangements with, certain entities that hold client assets under management ("AUM") to determine the VIEs that we are required to consolidate. These entities include certain mutual fund products, hedge funds, structured products, group trusts, collective investment trusts and limited partnerships. We earn investment management fees on AUM of these entities, but we derive no other benefit from the AUM and cannot use them in our operations.

[Table of Contents](#)

As of December 31, 2013, we have significant variable interests in certain structured products and hedge funds with approximately \$25.8 million in AUM. However, these VIEs do not require consolidation because management has determined that we are not the primary beneficiary of the expected residual returns or expected losses of these entities. Our maximum exposure to loss is limited to our investment of \$0.2 million in these entities.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, money market accounts, overnight commercial paper and highly liquid investments with original maturities of three months or less. Due to the short-term nature of these instruments, the recorded value has been determined to approximate fair value.

Fees Receivable, Net

Fees receivable are shown net of allowances. An allowance for doubtful accounts related to investment advisory and services fees is determined through an analysis of the aging of receivables, assessments of collectibility based on historical trends and other qualitative and quantitative factors, including the following: our relationship with the client, the financial health (or ability to pay) of the client, current economic conditions and whether the account is closed or active. The allowance for doubtful accounts is not material to fees receivable.

Collateralized Securities Transactions

Customers' securities transactions are recorded on a settlement date basis, with related commission income and expenses reported on a trade date basis. Receivables from and payables to clients include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for receivables; such collateral is not reflected in the consolidated financial statements. We have the ability by contract or custom to sell or re-pledge this collateral, and have done so at various times. As of December 31, 2013, the fair value of these securities re-pledged was \$2.8 million. Principal securities transactions and related expenses are recorded on a trade date basis.

Securities borrowed and securities loaned by Sanford C. Bernstein & Co., LLC ("SCB LLC") and Sanford C. Bernstein Limited ("SCBL"), each of which is our subsidiary, are recorded at the amount of cash collateral advanced or received in connection with the transaction and are included in receivables from and payables to brokers and dealers in the consolidated statements of financial condition. Securities borrowed transactions require SCB LLC and SCBL to deposit cash collateral with the lender. As of December 31, 2013 and 2012, cash collateral on deposit with lenders was \$83.6 million and \$106.3 million, respectively. With respect to securities loaned, SCB LLC (SCBL does not participate in security lending arrangements) receives cash collateral from the borrower. As of December 31, 2013 and 2012, cash collateral received from borrowers was \$65.1 million and \$12.5 million, respectively. The initial collateral advanced or received approximates or is greater than the fair value of securities borrowed or loaned. SCB LLC and SCBL monitor the fair value of the securities borrowed and loaned on a daily basis and request additional collateral or return excess collateral, as appropriate. As of December 31, 2013 and 2012, there is no allowance provision required for the collateral advanced. Income or expense is recognized over the life of the transactions.

As of December 31, 2013 and 2012, we had \$26.5 million and \$25.8 million, respectively, of cash on deposit with clearing organizations for trade facilitation purposes. In addition, as of December 31, 2013 and 2012, SCB LLC held U.S. Treasury Bills with values totaling \$39.0 million and \$28.0 million, respectively, in its investment account that are pledged as collateral with clearing organizations. These clearing organizations have the ability by contract or custom to sell or re-pledge this collateral.

Investments

Investments include United States Treasury Bills, unconsolidated mutual funds and limited partnership hedge funds we sponsor and manage, various separately-managed portfolios comprised of equity and fixed income securities, exchange-traded options and investments owned by a consolidated venture capital fund in which we own a controlling interest as the general partner and a 10% limited partnership interest.

Investments in United States Treasury Bills, mutual funds, and equity and fixed income securities are classified as either trading or available-for-sale securities. Trading investments are stated at fair value with unrealized gains and losses reported in investment gains and losses on the consolidated statements of income. Available-for-sale investments are stated at fair value with unrealized gains and losses reported as a separate component of accumulated other comprehensive income in partners' capital. Realized gains and losses on the sale of investments are reported in investment gains and losses on the consolidated statements of income. Average cost is used to determine realized gain or loss on investments sold.

We use the equity method of accounting for investments in limited partnership hedge funds. The equity in earnings of our limited partnership hedge fund investments is reported in investment gains and losses on the consolidated statements of income.

[Table of Contents](#)

The investments owned by our consolidated venture capital fund generally are illiquid and initially are valued at cost. These investments are adjusted to fair value to reflect the occurrence of “significant developments” (*i.e.*, capital transactions or business, economic or market events). Adjustments to fair value are reported in investment gains and losses on the consolidated statements of income. There are three private equity investments that we own directly outside of our consolidated venture capital fund. One of the investments is accounted for using the cost method; the other two are accounted for at fair value.

See Note 9 for a description of how we measure the fair value of our investments.

Furniture, Equipment and Leasehold Improvements, Net

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

Goodwill

In 2000, AllianceBernstein acquired SCB Inc., an investment research and management company formerly known as Sanford C. Bernstein Inc. (“**Bernstein**”). The Bernstein acquisition was accounted for under the purchase method and the cost of the acquisition was allocated on the basis of the estimated fair value of the assets acquired and the liabilities assumed. The excess of the purchase price over the fair value of identifiable assets acquired, net of liabilities assumed, resulted in the recognition of goodwill of approximately \$3.0 billion.

As of December 31, 2013, goodwill of \$3.0 billion on the consolidated statement of financial condition included \$2.8 billion as a result of the Bernstein acquisition and \$186 million in regard to various smaller acquisitions. We have determined that AllianceBernstein has only one reporting segment and reporting unit.

We test our goodwill annually, as of September 30, for impairment. As of September 30, 2013, the impairment test indicated that goodwill was not impaired. The carrying value of goodwill is also reviewed if facts and circumstances occur that suggest possible impairment, such as significant declines in AUM, revenues, earnings or the price of a Holding Unit.

Intangible Assets, Net

Intangible assets consist primarily of costs assigned to acquired investment management contracts of SCB Inc. based on their estimated fair value at the time of acquisition, less accumulated amortization. As of December 31, 2013, intangible assets, net of accumulated amortization, of \$168.9 million on the consolidated statement of financial condition was composed of \$158.9 million of definite-lived intangible assets subject to amortization, of which \$139.7 million relates to the Bernstein acquisition, and \$10.0 million of indefinite-lived intangible assets not subject to amortization in regard to other acquisitions. Intangible assets are recognized at fair value and generally are amortized on a straight-line basis over their estimated useful life of approximately 20 years. The gross carrying amount of intangible assets totaled \$436.8 million as of December 31, 2013 and \$425.3 million as of December 31, 2012, and accumulated amortization was \$277.9 million as of December 31, 2013 and \$256.1 million as of December 31, 2012, resulting in the net carrying amount of intangible assets subject to amortization of \$158.9 million as of December 31, 2013 and \$169.2 million as of December 31, 2012. Amortization expense was \$21.9 million for 2013, \$21.4 million for 2012 and \$21.4 million for 2011. Estimated annual amortization expense for each of the next five years is approximately \$22 million.

We periodically review intangible assets for impairment as events or changes in circumstances indicate that the carrying value may not be recoverable. If the carrying value exceeds fair value, additional impairment tests are performed to measure the amount of the impairment loss, if any.

Deferred Sales Commissions, Net

We pay commissions to financial intermediaries in connection with the sale of shares of open-end company-sponsored mutual funds sold without a front-end sales charge (“**back-end load shares**”). These commissions are capitalized as deferred sales commissions and amortized over periods not exceeding five and one-half years for U.S. fund shares and four years for Non-U.S. Fund shares, the periods of time during which deferred sales commissions generally are recovered. We recover these commissions from distribution services fees received from those funds and from contingent deferred sales commissions (“**CDSC**”) received from shareholders of those funds upon the redemption of their shares. CDSC cash recoveries are recorded as reductions of unamortized deferred sales commissions when received. Since January 31, 2009, our U.S. mutual funds have not offered back-end load shares to new investors. However, our Non-U.S. Funds continue to offer back-end load shares.

We periodically review the deferred sales commission asset for impairment as events or changes in circumstances indicate that the carrying value may not be recoverable. If the carrying value exceeds fair value, additional impairment tests are performed to measure the amount of the impairment loss, if any.

Loss Contingencies

With respect to all significant litigation matters, we consider the likelihood of a negative outcome. If we determine the likelihood of a negative outcome is probable, and the amount of the loss can be reasonably estimated, we record an estimated loss for the expected outcome of the litigation. If the likelihood of a negative outcome is reasonably possible and we are able to determine an estimate of the possible loss or range of loss in excess of amounts already accrued, if any, we disclose that fact together with the estimate of the possible loss or range of loss. However, it is often difficult to predict the outcome or estimate a possible loss or range of loss because litigation is subject to inherent uncertainties, particularly when plaintiffs allege substantial or indeterminate damages, the litigation is in its early stages, or when the litigation is highly complex or broad in scope. In such cases, we disclose that we are unable to predict the outcome or estimate a possible loss or range of loss.

Revenue Recognition

Investment advisory and services fees, generally calculated as a percentage of AUM, are recorded as revenue as the related services are performed. Certain investment advisory contracts, including those associated with hedge funds or other alternative investments, provide for a performance-based fee, in addition to a base advisory fee, which is calculated as either a percentage of absolute investment results or a percentage of investment results in excess of a stated benchmark over a specified period of time. Performance-based fees are recorded as a component of revenue at the end of each contract's measurement period.

We calculate AUM using established market-based valuation methods and fair valuation (non-observable market) methods. Market-based valuation methods include: last sale/settle prices from an exchange for actively-traded listed equities, options and futures; evaluated bid prices from recognized pricing vendors for fixed income, asset-backed or mortgage-backed issues; mid prices from recognized pricing vendors and brokers for credit default swaps; and quoted bids or spreads from pricing vendors and brokers for other derivative products. Fair valuation methods include: discounted cash flow models, evaluation of assets versus liabilities or any other methodology that is validated and approved by our Valuation Committee (*see paragraph immediately below* for additional information about our Valuation Committee). Fair valuation methods are used only where AUM cannot be valued using market-based valuation methods, such as in the case of private equity or illiquid securities. Investments utilizing fair valuation methods typically make up an insignificant amount of our total AUM. Market volatility has not had a significant effect on our ability to acquire market data and, accordingly, our ability to use market-based valuation methods.

The Valuation Committee, which is composed of senior officers and employees, is responsible for overseeing the pricing and valuation of all investments held in client and AllianceBernstein portfolios. The Valuation Committee has adopted a Statement of Pricing Policies describing principles and policies that apply to pricing and valuing investments held in these portfolios. We also have a Pricing Group, which reports to the Valuation Committee, and is responsible for overseeing the pricing process for all investments.

Bernstein Research Services revenue consists primarily of brokerage commissions received by SCB LLC and SCBL for research and brokerage-related services provided to institutional investors. Brokerage commissions earned and related expenses are recorded on a trade-date basis.

Distribution revenues, shareholder servicing fees (included in other revenues), and dividend and interest income are accrued as earned.

Contingent Payment Arrangements

We periodically enter into contingent payment arrangements in connection with our business combinations. In these arrangements, we agree to pay additional consideration to the sellers to the extent that certain performance targets are achieved. We estimate the fair value of these potential future obligations at the time a business combination is consummated and record a liability on our consolidated statements of financial condition. We then accrete the obligation to its expected payment amount over the period until the arrangement is measured. If our expected payment amount subsequently changes, the obligation is reduced or increased in the current period resulting in a gain or loss. Both gains and losses resulting from changes to expected payments and the accretion of these obligations to their expected payment amounts are reflected within contingent payment arrangements in our consolidated statements of income.

Mutual Fund Underwriting Activities

Purchases and sales of shares of company-sponsored mutual funds in connection with the underwriting activities of our subsidiaries, including related commission income, are recorded on trade date. Receivables from brokers and dealers for sale of shares of company-sponsored mutual funds generally are realized within three business days from trade date, in conjunction with the settlement of the related payables to company-sponsored mutual funds for share purchases. Distribution plan and other promotion and servicing payments are recognized as expense when incurred.

Long-term Incentive Compensation Plans

We maintain several unfunded, non-qualified long-term incentive compensation plans, under which we grant annual awards to our employees, generally in the fourth quarter.

Awards granted in December 2013, 2012 and 2011 allowed participants to allocate their awards between restricted Holding Units and deferred cash. Participants (except certain members of senior management) generally could allocate up to 50% of their awards to deferred cash, not to exceed a total of \$250,000 per award. Each of our employees based outside of the United States (other than expatriates) who received a 2013 award of \$100,000 or less could have allocated up to 100% of his or her award to deferred cash. For the 2013 awards, participants made their elections prior to the Compensation Committee meeting on December 12, 2013, the date on which the awards were granted and were valued using the closing price of a Holding Unit on that day. For the 2012 and 2011 awards, participants had until mid-January 2013 and 2012, respectively, to make their elections. The number of restricted Holding Units issued equaled the remaining dollar value of the award divided by the average of the closing prices of a Holding Unit for a five business day period in January after participants made their elections each year. For the 2011 through 2013 awards:

- We engaged in open-market purchases of Holding Units, or purchased newly-issued Holding Units from Holding, that were awarded to participants and held them in a consolidated rabbi trust.
- Quarterly distributions on vested and unvested Holding Units are paid currently to participants, regardless of whether or not a long-term deferral election has been made.
- Interest on deferred cash is accrued monthly based on our monthly weighted average cost of funds.

We recognize compensation expense related to equity compensation grants in the financial statements using the fair value method. Fair value of restricted Holding Unit awards is the closing price of a Holding Unit on the grant date; fair value of options is determined using the Black-Scholes option valuation model. Under the fair value method, compensatory expense is measured at the grant date based on the estimated fair value of the award and is recognized over the required service period. Prior to a change made to the employee long-term incentive compensation award program in the fourth quarter of 2011 (*as described below*), an employee's service requirement typically was the same as the delivery dates. This change eliminated employee service requirements, but did not modify delivery dates contained in the original award agreements.

During 2013, we recorded \$157.7 million of expense associated with our 2013 long-term incentive compensation awards and we awarded 6.5 million restricted Holding Units.

During 2012, we recorded \$150.1 million of expense associated with our 2012 long-term incentive compensation awards. In January 2013, 6.5 million restricted Holding Units held in the consolidated rabbi trust were used to fund the 2012 awards and we reclassified \$129.2 million of the liability to partners' capital as equity-based awards.

During the fourth quarter of 2011, we implemented changes to our employee long-term incentive compensation award program to ensure that our compensation practices are competitive, and to better align the costs of employee compensation and benefits with our current year financial performance and provide employees with a higher degree of certainty that they will receive the incentive compensation they are awarded. Specifically, we amended all outstanding year-end long-term incentive compensation awards of active employees, so that employees who terminate their employment or are terminated without cause may retain their award, subject to compliance with certain agreements and restrictive covenants set forth in the applicable award agreement, including restrictions on competition and employee and client solicitation, and a claw-back for failing to follow existing risk management policies. Most equity replacement, sign-on or similar deferred compensation awards included in separate employment agreements or arrangements were not amended in 2011 to reflect these changes.

As a result of these changes, we recorded a one-time, non-cash charge of \$587.1 million in the fourth quarter of 2011 for all unrecognized long-term incentive compensation on the amended outstanding awards from prior years. In addition, upon approval and communication of the dollar value of the 2011 awards in December 2011, we recorded 100% of the expense associated with our 2011 long-term incentive compensation awards of \$159.9 million. In January 2012, 8.7 million restricted Holding Units held in the consolidated rabbi trust were used to fund the 2011 awards and we reclassified \$130.3 million of the liability to partners' capital as equity-based awards.

Grants of restricted Holding Units and options to buy Holding Units typically are awarded to eligible members of the Board of Directors (“ **Eligible Directors**”) of the General Partner during the second quarter. Restricted Holding Units are distributed on the third anniversary of the grant date and the options become exercisable ratably over three years. These restricted Holding Units and options are not forfeitable (except if the Eligible Director is terminated for “Cause”, as that term is defined in the applicable award agreement). Due to there being no service requirement, we fully expense these awards on each grant date.

We fund our restricted Holding Unit awards either by purchasing Holding Units on the open market or purchasing newly-issued Holding Units from Holding, all of which are then held in a consolidated rabbi trust until they are distributed to employees upon vesting or retired. In accordance with the Amended and Restated Agreement of Limited Partnership of AllianceBernstein (“ **AllianceBernstein Partnership Agreement** ”), when AllianceBernstein purchases newly-issued Holding Units from Holding, Holding is required to use the proceeds it receives from AllianceBernstein to purchase the equivalent number of newly-issued AllianceBernstein Units, thus increasing its percentage ownership interest in AllianceBernstein. Holding Units held in the consolidated rabbi trust are corporate assets in the name of the trust and are available to the general creditors of AllianceBernstein.

[Table of Contents](#)

During 2013 and 2012, we purchased 5.2 million and 15.7 million Holding Units for \$111.3 million and \$239.5 million, respectively (on a trade date basis). These amounts reflect open-market purchases of 1.9 million and 12.3 million Holding Units for \$38.5 million and \$182.3 million, respectively, with the remainder relating to purchases of Holding Units from employees to allow them to fulfill statutory tax withholding requirements at the time of distribution of long-term incentive compensation awards, offset by Holding Units purchased by employees as part of a distribution reinvestment election.

Each quarter, since the third quarter of 2011, we have implemented plans to repurchase Holding Units pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (“**Exchange Act**”). A Rule 10b5-1 plan allows a company to repurchase its shares at times when it otherwise might be prevented from doing so because of self-imposed trading blackout periods and because it possesses material non-public information. Each broker we select has the authority under the terms and limitations specified in the plan to repurchase Holding Units on our behalf in accordance with the terms of the plan. Repurchases are subject to SEC regulations as well as certain price, market volume and timing constraints specified in the plan. The plan adopted during the fourth quarter of 2013 expired at the close of business on February 11, 2014. We did not buy any Holding Units pursuant to this plan during the fourth quarter of 2013. We may adopt additional Rule 10b5-1 plans in the future to engage in open-market purchases of Holding Units to help fund anticipated obligations under our incentive compensation award program and for other corporate purposes.

During 2013, we granted to employees and Eligible Directors 13.9 million restricted Holding Unit awards (including 6.5 million granted in December 2013 for 2013 year-end awards and 6.5 million granted in January 2013 for 2012 year-end awards). During 2012, we granted to employees and Eligible Directors 12.1 million restricted Holding Unit awards (including 2.7 million granted in June 2012 to Peter Kraus, our Chief Executive Officer, in connection with his extended employment agreement and 8.7 million granted in January 2012 for 2011 year-end awards). Prior to the third quarter of 2013 (and our decision described in the next paragraph to retire unallocated Holding Units in AllianceBernstein’s consolidated rabbi trust), we funded awards by allocating previously repurchased Holding Units that had been held in the rabbi trust. In December 2013, Holding newly issued 3.9 million Holding Units to fund the restricted Holding Unit awards granted in December 2013.

Effective July 1, 2013, management retired all unallocated Holding Units in AllianceBernstein’s consolidated rabbi trust. To retire such units, AllianceBernstein delivered the unallocated Holding Units held in its consolidated rabbi trust to Holding in exchange for the same amount of AllianceBernstein units. Each entity then retired its respective units. As a result, on July 1, 2013, each of AllianceBernstein’s and Holding’s units outstanding decreased by approximately 13.1 million units. AllianceBernstein and Holding intend (subject to compliance with applicable safe harbor rules to avoid AllianceBernstein being treated as a publicly traded partnership) to retire additional units as AllianceBernstein purchases Holding Units on the open market or from employees to allow them to fulfill statutory tax withholding requirements at the time of distribution of long-term incentive compensation awards, if such units are not required to fund new employee awards in the near future. If a sufficient number of Holding Units is not available in the rabbi trust to fund new awards, Holding will newly issue Holding Units in exchange for newly-issued AllianceBernstein units, as was done in December 2013.

Generally, when a corporate entity repurchases its shares, the shares no longer are deemed outstanding. Because of our two-tier partnership structure, Holding Units purchased by AllianceBernstein and held in its consolidated rabbi trust are considered outstanding (unlike repurchased shares of a single corporate entity). Accordingly, management’s decision to retire repurchased Holding Units rather than allowing them to remain outstanding in the rabbi trust more closely aligns the effect of our Holding Unit purchases with that of corporate entities that repurchase their shares.

During 2013, Holding issued 887,642 Holding Units upon exercise of options to buy Holding Units. Holding used the proceeds of \$15.1 million to purchase the equivalent number of newly-issued AllianceBernstein Units.

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated from the functional currencies into United States dollars (“**US\$**”) at exchange rates in effect at the balance sheet dates, and related revenues and expenses are translated into US\$ at average exchange rates in effect during each period. Net foreign currency gains and losses resulting from the translation of assets and liabilities of foreign operations into US\$ are reported as a separate component of other comprehensive income in the consolidated statements of comprehensive income. Net foreign currency transaction losses were \$3.1 million, \$1.1 million and \$2.4 million for 2013, 2012 and 2011, respectively.

Cash Distributions

AllianceBernstein is required to distribute all of its Available Cash Flow, as defined in the AllianceBernstein Partnership Agreement, to its unitholders and to the General Partner. Available Cash Flow can be summarized as the cash flow received by AllianceBernstein from operations minus such amounts as the General Partner determines, in its sole discretion, should be retained by AllianceBernstein for use in its business, or plus such amounts as the General Partner determines, in its sole discretion, should be released from previously retained cash flow.

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

- net cash provided by operating activities of AllianceBernstein,
- proceeds from borrowings and from sales or other dispositions of assets in the ordinary course of business, and
- income from investments in marketable securities, liquid investments and other financial instruments that are acquired for investment purposes and that have a value that may be readily established,

and then subtracting from this amount the sum of:

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

On February 12, 2014, the General Partner declared a distribution of \$0.66 per AllianceBernstein Unit, representing a distribution of Available Cash Flow for the three months ended December 31, 2013. The General Partner, as a result of its 1% general partnership interest, is entitled to receive 1% of each distribution. The distribution is payable on March 13, 2014 to holders of record on February 24, 2014.

Total cash distributions per Unit paid to the General Partner and unitholders during 2013, 2012 and 2011 were \$1.69, \$1.15 and \$1.70, respectively.

Comprehensive Income

We report all changes in comprehensive income in the consolidated statements of comprehensive income. Comprehensive income includes net income, as well as unrealized gains and losses on investments classified as available-for-sale, foreign currency translation adjustments, and unrecognized actuarial net losses and transition assets. Deferred taxes are not recognized on foreign currency translation adjustments for foreign subsidiaries whose earnings are considered permanently invested outside the United States.

3. Real Estate Charges

During 2010, we performed a comprehensive review of our real estate requirements in New York in connection with our workforce reductions commencing in 2008. As a result, during 2010 we decided to sub-lease over 380,000 square feet in New York (in excess of 90% of this space has been sublet) and largely consolidate our New York-based employees into two office locations from three. We recorded pre-tax real estate charges of \$101.7 million in 2010 that reflected the net present value of the difference between the amount of our ongoing contractual operating lease obligations for this space and our estimate of current market rental rates (\$76.2 million), as well as the write-off of leasehold improvements, furniture and equipment related to this space (\$25.5 million). We periodically review the assumptions and estimates we used in recording these charges.

During 2011, we recorded pre-tax real estate charges totaling \$7.2 million for our office space in London, England, New York and other U.S. locations. The London charge was \$8.8 million, consisting of a \$5.8 million payment to the party to which the lease was assigned, as well as the write-off of \$3.0 million of leasehold improvements, furniture and equipment related to the space. We also wrote off an additional \$1.5 million of leasehold improvements, furniture and equipment related to the New York space and had miscellaneous charges of \$0.4 million. These charges were offset by a \$3.5 million credit we recorded in 2011 due to changes in estimates of our 2010 charge.

During the first half of 2012, we recorded pre-tax real estate charges totaling \$16.1 million, reflecting \$8.8 million resulting from the abandonment of our leased New York City Data Center office space and \$7.3 million resulting from a change in estimates relating to previously recorded real estate charges. The New York City Data Center charge consisted of the net present value of the difference between the amount of ongoing contractual operating lease obligations for this space and our estimate of current market rental rates (\$7.1 million) and the write-off of leasehold improvements, furniture and equipment related to this space (\$1.7 million).

During the third quarter of 2012, in an effort to further reduce our global real estate footprint, we completed a comprehensive review of our worldwide office locations and began implementing a global space consolidation plan. As a result, our intention is to sub-lease approximately 510,000 square feet of office space (approximately 70% of this space has been sublet), more than 70% of which is New York office space (in addition to the 380,000 square foot space reduction in 2010), with the remainder consisting of office space in England, Australia and various U.S. locations.

During the second half of 2012, we recorded pre-tax real estate charges of \$207.0 million, reflecting the net present value of the difference between the amount of our ongoing contractual operating lease obligations for this space and our estimate of current market rental rates (\$163.8 million), as well as the write-off of leasehold improvements, furniture and equipment related to this space (\$39.7 million), and changes in estimates relating to previously recorded real estate charges (\$3.5 million).

[Table of Contents](#)

During 2013, we recorded pre-tax real estate charges of \$28.4 million, comprising \$17.2 million from a change in estimates relating to previously recorded real estate charges (\$16.9 million related to the 2010 and 2012 plans and \$0.3 million to other real estate charges), \$0.3 million for the write-off of leasehold improvements, furniture and equipment related to the 2012 plan and new real estate charges of \$10.9 million (\$1.5 million related to the 2012 plan, \$5.3 million related to other real estate charges and \$4.1 million related to the write-off of leasehold improvements, furniture and equipment).

As of December 31, 2013, we have recorded pre-tax real estate charges totaling \$123.9 million and \$217.4 million for the office space consolidation initiatives commenced in 2010 and 2012, respectively.

The activity in the liability account relating to our 2010 and 2012 office space consolidation initiatives for the following periods is as follows:

	Years Ended December 31,	
	2013	2012
	(in thousands)	
Balance as of January 1,	\$ 238,784	\$ 71,164
Expense incurred	18,371	181,589
Deferred rent	326	27,000
Payments made	(62,627)	(42,833)
Interest accretion	4,673	1,864
Balance as of end of period	\$ 199,527	\$ 238,784

4. Net Income (Loss) Per Unit

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

	Years Ended December 31,		
	2013	2012	2011
	(in thousands, except per unit amounts)		
Net income (loss) attributable to AllianceBernstein Unitholders	\$ 517,676	\$ 188,916	\$ (174,768)
Weighted average units outstanding—basic	271,258	277,721	278,018
Dilutive effect of compensatory options to buy Holding Units	961	1	—
Weighted average units outstanding—diluted	272,219	277,722	278,018
Basic net income (loss) per AllianceBernstein Unit	\$ 1.89	\$ 0.67	\$ (0.62)
Diluted net income (loss) per AllianceBernstein Unit	\$ 1.88	\$ 0.67	\$ (0.62)

For the years ended December 31, 2013, 2012 and 2011, we excluded 2,923,035, 8,438,902 and 3,813,567 options, respectively, from the diluted net income (loss) per unit computation due to their anti-dilutive effect.

As discussed in Note 2, on July 1, 2013, management retired all unallocated Holding Units in AllianceBernstein's consolidated rabbi trust, and continued to retire units during the third and fourth quarters of 2013 as we purchased Holding Units on the open market or from employees to allow them to fulfill statutory tax withholding requirements at the time of distribution of long-term incentive compensation awards.

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

As of December 31, 2013 and 2012, \$0.9 billion and \$1.5 billion, respectively, of United States Treasury Bills were segregated in a special reserve bank custody account for the exclusive benefit of brokerage customers of SCB LLC under Rule 15c3-3 of the Exchange Act.

[Table of Contents](#)

AllianceBernstein Investments, Inc. (one of our subsidiaries, “**AllianceBernstein Investments**”), the distributor of company-sponsored mutual funds, maintains several special bank accounts for the exclusive benefit of customers. As of December 31, 2013 and 2012, \$56.0 million and \$42.2 million, respectively, of cash were segregated in these bank accounts.

6. Investments

Investments consist of:

	December 31,	
	2013	2012
	(in thousands)	
Available-for-sale (primarily seed capital)	\$ 4,858	\$ 13,361
Trading:		
Long-term incentive compensation-related	88,385	90,825
United States Treasury Bills	38,986	27,982
Seed capital	316,681	307,795
Equities and exchange-traded options	130,059	48,937
Investments in limited partnership hedge funds:		
Long-term incentive compensation-related	29,194	32,152
Seed capital	75,354	109,328
Consolidated private equity fund (10% seed capital)	45,741	47,045
Private equity (seed capital)	45,360	47,853
Other	4,976	7,056
Total investments	\$ 779,594	\$ 732,334

Total investments related to long-term incentive compensation obligations of \$117.6 million and \$123.0 million as of December 31, 2013 and 2012, respectively, consist of company-sponsored mutual funds and hedge funds. For long-term incentive compensation awards granted before 2009, we typically made investments in our services that were notionally elected by plan participants and maintained them (and continue to maintain them) in a consolidated rabbi trust or separate custodial account. The rabbi trust and custodial account enable us to hold such investments separate from our other assets for the purpose of settling our obligations to participants. The investments held in the rabbi trust and custodial account remain available to the general creditors of AllianceBernstein.

The underlying investments of hedge funds in which we invest include long and short positions in equity securities, fixed income securities (including various agency and non-agency asset-based securities), currencies, commodities and derivatives (including various swaps and forward contracts). These investments are valued at quoted market prices or, where quoted market prices are not available, are fair valued based on the pricing policies and procedures of the underlying funds.

United States Treasury Bills are held by SCB LLC in its investment account, the majority of which are pledged as collateral with clearing organizations. These clearing organizations have the ability by contract or custom to sell or re-pledge this collateral.

We provide seed capital to our investment teams to develop new products and services for our clients.

Trading securities also include long positions in corporate equities and long exchange-traded options traded through our options desk.

The cost and fair value of available-for-sale and trading investments held as of December 31, 2013 and 2012 were as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
	(in thousands)			
December 31, 2013:				
Available-for-sale:				
Equity investments	\$ 8,261	\$ 158	\$ (3,625)	\$ 4,794
Fixed income investments	493	2	(431)	64
	<u>\$ 8,754</u>	<u>\$ 160</u>	<u>\$ (4,056)</u>	<u>\$ 4,858</u>
Trading:				
Equity investments	\$ 324,432	\$ 32,486	\$ (20,132)	\$ 336,786
Fixed income investments	242,647	2,150	(7,472)	237,325
	<u>\$ 567,079</u>	<u>\$ 34,636</u>	<u>\$ (27,604)</u>	<u>\$ 574,111</u>
December 31, 2012:				
Available-for-sale:				
Equity investments	\$ 5,769	\$ 1,445	\$ (149)	\$ 7,065
Fixed income investments	6,265	33	(2)	6,296
	<u>\$ 12,034</u>	<u>\$ 1,478</u>	<u>\$ (151)</u>	<u>\$ 13,361</u>
Trading:				
Equity investments	\$ 239,368	\$ 32,003	\$ (2,830)	\$ 268,541
Fixed income investments	199,191	12,098	(4,291)	206,998
	<u>\$ 438,559</u>	<u>\$ 44,101</u>	<u>\$ (7,121)</u>	<u>\$ 475,539</u>

Proceeds from sales of available-for-sale investments were approximately \$10.9 million, \$0.8 million and \$3.5 million in 2013, 2012 and 2011, respectively. Realized gains from our sales of available-for-sale investments were \$4.7 million in 2013, \$0.1 million in 2012 and \$0.1 million in 2011. Realized losses from our sales of available-for-sale investments were zero in 2013, \$0.1 million in 2012 and \$0.1 million in 2011. We assess valuation declines to determine the extent to which such declines are fundamental to the underlying investment or attributable to temporary market-related factors. Based on our assessment, we do not believe the declines are other than temporary as of December 31, 2013.

7. Derivative Instruments

We enter into various futures, forwards and swaps to economically hedge certain of our seed money investments. In addition, we have currency forwards that economically hedge certain cash accounts. We do not hold any derivatives designated in a formal hedge relationship under Accounting Standards Codification (“ASC”) 815-10, *Derivatives and Hedging*.

The notional value, fair value and gains and losses recognized in investment gains (losses) as of December 31, 2013 and 2012 for derivative instruments not designated as hedging instruments were as follows:

	<u>Notional Value</u>	<u>Derivative Assets</u>	<u>Derivative Liabilities</u>	<u>Gains (Losses)</u>
	(in thousands)			
December 31, 2013:				
Exchange-traded futures	\$ 63,107	\$ 289	\$ 2,542	\$ (10,492)
Currency forwards	111,774	576	927	(2,555)
Interest rate swaps	81,253	1,149	573	621
Credit default swaps	42,270	696	126	(1,126)
Option swaps	144	87	86	(399)
Total return swaps	85,107	488	2,057	(5,157)
Total derivatives	<u>\$ 383,655</u>	<u>\$ 3,285</u>	<u>\$ 6,311</u>	<u>\$ (19,108)</u>

	Notional Value	Derivative Assets	Derivative Liabilities	Gains (Losses)
	(in thousands)			
December 31, 2012:				
Exchange-traded futures	\$ 89,901	\$ 64	\$ 1,598	\$ (18,291)
Currency forwards	80,445	473	429	(503)
Interest rate swaps	55,435	73	888	(1,358)
Credit default swaps	53,775	457	272	(8,598)
Option swaps	103	83	92	(424)
Total return swaps	90,673	1,475	3,791	(6,470)
Total derivatives	\$ 370,332	\$ 2,625	\$ 7,070	\$ (35,644)

As of December 31, 2013 and 2012, the derivative assets and liabilities are included in both receivables and payables to brokers and dealers on our consolidated statements of financial condition. Gains and losses on derivative instruments are reported in investments gains and losses on the consolidated statements of income.

We may be exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments. We take steps to minimize our counterparty exposure through a credit review and approval process. In addition, we executed various collateral arrangements with counterparties to the over-the-counter derivative transactions that require both pledging and accepting collateral in the form of cash. As of December 31, 2013 and 2012, we held \$1.4 million and \$1.5 million, respectively, of cash collateral payable to trade counterparties. This obligation to return cash is reported in payables to brokers and dealers in our consolidated statements of financial condition.

Although notional amount is the most commonly used measure of volume in the derivative market, it is not used as a measure of credit risk. Generally, the current credit exposure of our derivative contracts is limited to the net positive estimated fair value of derivative contracts at the reporting date after taking into consideration the existence of netting agreements and any collateral received. A derivative with positive value (a derivative asset) indicates existence of credit risk because the counterparty would owe us if the contract were closed. Alternatively, a derivative contract with negative value (a derivative liability) indicates we would owe money to the counterparty if the contract were closed. Generally, if there is more than one derivative transaction with a single counterparty, a master netting arrangement exists with respect to derivative transactions with that counterparty to provide for aggregate net settlement.

Certain of our standardized contracts for over-the-counter derivative transactions (“**ISDA Master Agreements**”) contain credit risk related contingent provisions related to each counterparty's credit rating. In some ISDA Master Agreements, if the counterparty's credit rating (or in some agreements, our AUM) falls below a specified threshold, either a default or a termination event permitting the counterparty to terminate the ISDA Master Agreement would be triggered. In all agreements that provide for collateralization, various levels of collateralization of net liability positions are applicable, depending on the credit rating of the counterparty. As of December 31, 2013 and 2012, we delivered \$8.9 million and \$8.4 million, respectively, of cash collateral into brokerage accounts, which is reported in cash and cash equivalents in our consolidated statements of financial condition.

8. Offsetting Assets and Liabilities

Effective January 1, 2013, we adopted ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities*. The amended standard requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. Derivative instruments (*see Note 7*), which are subject to master netting arrangements, are not considered material and are excluded from the below disclosures.

Offsetting of securities borrowed as of December 31, 2013 and 2012 was as follows:

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Pledged	Net Amount
	(in thousands)					
December 31, 2013	\$ 83,619	\$ —	\$ 83,619	\$ —	\$ 83,619	\$ —
December 31, 2012	\$ 106,350	\$ —	\$ 106,350	\$ —	\$ 106,350	\$ —

Offsetting of securities loaned as of December 31, 2013 and 2012 was as follows:

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position (in thousands)	Financial Instruments	Cash Collateral Received	Net Amount
December 31, 2013	\$ 65,101	\$ —	\$ 65,101	\$ —	\$ 65,101	\$ —
December 31, 2012	\$ 12,517	\$ —	\$ 12,517	\$ —	\$ 12,517	\$ —

9. Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (*i.e.*, the “exit price”) in an orderly transaction between market participants at the measurement date. The three broad levels of fair value hierarchy are as follows:

- Level 1—Quoted prices in active markets are available for identical assets or liabilities as of the reported date.
- Level 2—Quoted prices in markets that are not active or other pricing inputs that are either directly or indirectly observable as of the reported date.
- Level 3—Prices or valuation techniques that are both significant to the fair value measurement and unobservable as of the reported date. These financial instruments do not have two-way markets and are measured using management’s best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Valuation of our financial instruments by pricing observability levels as of December 31, 2013 and 2012 was as follows:

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Money markets	\$ 153,630	\$ —	\$ —	\$ 153,630
U.S. Treasury Bills	—	964,953	—	964,953
Equity securities				
Growth	114,217	—	—	114,217
Value	33,952	—	—	33,952
Multi-asset and asset allocation	53,519	—	—	53,519
Other ⁽¹⁾	116,037	1,235	—	117,272
Fixed Income securities				
Taxable ⁽²⁾	180,495	3,452	—	183,947
Tax-exempt ⁽³⁾	13,654	801	—	14,455
Derivatives	290	2,995	—	3,285
Long exchange-traded options	22,621	—	—	22,621
Private equity	19,836	8,934	52,081	80,851
Total assets measured at fair value	\$ 708,251	\$ 982,370	\$ 52,081	\$ 1,742,702
Securities sold not yet purchased				
Short equities-corporate	\$ 46,978	\$ —	\$ —	\$ 46,978
Short exchange-traded options	25,005	—	—	25,005
Derivatives	2,542	3,769	—	6,311
Total liabilities measured at fair value	\$ 74,525	\$ 3,769	\$ —	\$ 78,294

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Money markets	\$ 170,120	\$ —	\$ —	\$ 170,120
U.S. Treasury Bills	—	1,537,150	—	1,537,150
U.K. Treasury Bills	—	125	—	125
Equity securities				
Growth	125,242	—	—	125,242
Value	36,126	—	—	36,126
Multi-asset and asset allocation	59,449	—	—	59,449
Other ⁽¹⁾	39,702	—	—	39,702
Fixed Income securities				
Taxable ⁽²⁾	177,635	1,219	—	178,854
Tax-exempt ⁽³⁾	5,661	797	—	6,458
Derivatives	64	2,561	—	2,625
Long exchange-traded options	15,087	—	—	15,087
Private equity	7,695	—	76,953	84,648
Total assets measured at fair value	\$ 636,781	\$ 1,541,852	\$ 76,953	\$ 2,255,586
Securities sold not yet purchased				
Short equities-corporate	\$ 54,370	\$ —	\$ —	\$ 54,370
Short exchange-traded options	9,197	—	—	9,197
Other	271	—	—	271
Derivatives	1,598	5,472	—	7,070
Total liabilities measured at fair value	\$ 65,436	\$ 5,472	\$ —	\$ 70,908

(1) Primarily long positions in corporate equities traded through our options desk.

(2) Primarily corporate and government securities.

(3) Primarily municipal bonds.

Following is a description of the fair value methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy:

- **Money markets:** We invest excess cash in various money market funds that are valued based on quoted prices in active markets; these are included in Level 1 of the valuation hierarchy.
- **Treasury Bills:** We hold United States Treasury Bills, which are primarily segregated in a special reserve bank custody account as required by Rule 15c3-3 of the Exchange Act. We also hold United Kingdom Treasury Bills. These securities are valued based on quoted yields in secondary markets and are included in Level 2 of the valuation hierarchy.
- **Equity and fixed income securities:** Our equity and fixed income securities consist principally of company-sponsored mutual funds with net asset values and various separately-managed portfolios consisting primarily of equity and fixed income securities with quoted prices in active markets, which are included in Level 1 of the valuation hierarchy. In addition, some securities are valued based on observable inputs from recognized pricing vendors, which are included in Level 2 of the valuation hierarchy.
- **Derivatives:** We hold exchange-traded futures with counterparties that are included in Level 1 of the valuation hierarchy. In addition, we hold currency forward contracts, interest rate swaps, credit default swaps, option swaps and total return swaps with counterparties that are included in Level 2 of the valuation hierarchy.
- **Options:** We hold long exchange-traded options that are included in Level 1 of the valuation hierarchy.

- Private equity:** Generally, the valuation of private equity investments owned by our consolidated venture capital fund requires significant management judgment due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of such investments. Private equity investments are valued initially at cost. The carrying values of private equity investments are adjusted either up or down from cost to reflect expected exit values as evidenced by financing and sale transactions with third parties, or when determination of a valuation adjustment is confirmed through ongoing review in accordance with our valuation policies and procedures. A variety of factors are reviewed and monitored to assess positive and negative changes in valuation including, but not limited to, current operating performance and future expectations of investee companies, industry valuations of comparable public companies, changes in market outlooks and the third party financing environment over time. In determining valuation adjustments resulting from the investment review process, particular emphasis is placed on current company performance and market conditions. For these reasons, which make the fair value of private equity investments unobservable, equity investments are included in Level 3 of the valuation hierarchy. However, if private equity investments owned by our consolidated venture capital fund become publicly-traded, they are included in Level 1 of the valuation hierarchy. Also, if they contain trading restrictions, publicly-traded equity investments are included in Level 2 of the valuation hierarchy. During the first quarter of 2012, one of our private securities went public and, due to a trading restriction period, \$13.5 million was transferred from a Level 3 classification to a Level 2 classification. During the third quarter of 2012, the trading restriction period for one of our public securities lapsed and, as a result, \$6.0 million was transferred from a Level 2 classification to a Level 1 classification. During the second quarter of 2013, one of our private securities went public and, due to a trading restriction period, \$19.2 million was transferred from a Level 3 classification to a Level 2 classification. During the fourth quarter of 2013, the trading restriction period for one of our public securities lapsed and, as a result, \$19.8 million was transferred from a Level 2 classification to a Level 1 classification. Also, during the fourth quarter of 2013, one of our private securities merged with a public company and, due to a trading restriction period, \$8.9 million was transferred from a Level 3 to a Level 2 classification.
- Securities sold not yet purchased:** Securities sold not yet purchased, primarily reflecting short positions in equities and exchange-traded options, are included in Level 1 of the valuation hierarchy.

The change in carrying value associated with Level 3 financial instruments carried at fair value is as follows:

	December 31, 2013	December 31, 2012
	(in thousands)	
Balance as of beginning of period	\$ 76,953	\$ 64,466
Transfers out	(28,155)	(13,548)
Purchases	4,058	19,660
Sales	(3,518)	(1,823)
Realized gains (losses), net	(6,578)	(7,524)
Unrealized gains (losses), net	9,321	15,722
Balance as of end of period	\$ 52,081	\$ 76,953

Transfers into and out of all levels of the fair value hierarchy are reflected at end-of-period fair values. Realized and unrealized gains and losses on Level 3 financial instruments are recorded in investment gains and losses in the consolidated statements of income. Approximately one-third of the Level 3 investments are private equity investments owned by our consolidated venture capital fund, of which we own 10% and non-controlling interests own 90%.

Quantitative information about Level 3 fair value measurements as of December 31, 2013 and 2012 is as follows:

	Fair Value as of December 31, 2013 (in thousands)	Valuation Technique	Unobservable Input	Range
Private Equity:				
Technology, Media and Telecommunications	\$ 13,956	Market comparable companies	Revenue multiple	2.5 – 3.5
			Discount rate	18%
			Discount years	1 .0
Healthcare and Cleantech	\$ 2,892	Market comparable companies	Revenue multiple ⁽¹⁾	1.2 – 49.0
			R&D multiple ⁽¹⁾	1.1 – 17.1
			Discount for lack of marketability and risk factors	50-60%

⁽¹⁾ The median for the Healthcare and Cleantech revenue multiple is 12.5; the median R&D multiple is 11.0.

	Fair Value as of December 31, 2012 (in thousands)	Valuation Technique	Unobservable Input	Range
Private Equity:				
Technology, Media and Telecommunications	\$ 23,256	Market comparable companies	Revenue multiple	2.5 – 6
			Discount rate	18%
			Discount years	1 - 2
Healthcare and Cleantech	\$ 14,871	Market comparable companies	Revenue multiple ⁽¹⁾	0.6 – 62.5
			R&D multiple ⁽¹⁾	1.0 – 30.6
			Discount for lack of marketability and risk factors	40-60%

(1) The median for the Healthcare and Cleantech revenue multiple is 10.1; the majority of the R&D multiples fall between 4.0 and 11.4.

The significant unobservable inputs used in the fair value measurement of the reporting entities' venture capital securities in the technology, media and telecommunications areas are enterprise value to revenue multiples and a discount rate to account for the time until the securities are likely monetized and various risk factors. Significant increases (decreases) in the enterprise value to revenue multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in the discount rate would result in a significantly lower (higher) fair value measurement.

The significant unobservable inputs used in the fair value measurement of the reporting entities' venture capital securities in the healthcare and cleantech areas are enterprise value to revenue multiples, enterprise value to R&D investment multiples, and a discount for lack of marketability and various risk factors. Significant increases (decreases) in the enterprise value to revenue multiple and enterprise value to R&D investment multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in the discount for lack of marketability and various risk factors in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the level of enterprise value to revenue multiple is accompanied by a directionally similar change in the assumption used for the enterprise value to R&D multiple. In addition, a change in the assumption used for the discount for lack of marketability and various risk factors is not correlated to changes in the assumptions used for the enterprise value to revenue multiple or the enterprise value to R&D investment multiple.

One of our private equity investments is a venture capital fund (fair value of \$30.2 million and unfunded commitment of \$10.1 million as of December 31, 2013) that invests in communications, consumer, digital media, healthcare and information technology markets. Also, we have an investment in a private equity fund focused exclusively on the energy sector (fair value of \$5.0 million and unfunded commitment of \$0.1 million as of December 31, 2013). In addition, one of the investments included in our consolidated private equity fund (fair value of \$0.1 million and unfunded commitment of \$0.2 million as of December 31, 2013) is a venture capital fund investing in clean energy, resource and energy efficiency and other sustainable industries. The fair value of each of these investments has been estimated using the capital account balances provided by the partnerships. The interests in these partnerships cannot be redeemed.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

We did not have any material assets or liabilities that were measured at fair value for impairment on a nonrecurring basis during the years ended December 31, 2013 or 2012.

10. Furniture, Equipment and Leasehold Improvements, Net

Furniture, equipment and leasehold improvements, net consist of:

	December 31,	
	2013	2012
(in thousands)		
Furniture and equipment	\$ 526,478	\$ 525,292
Leasehold improvements	258,061	273,433
	784,539	798,725
Less: Accumulated depreciation and amortization	(610,021)	(602,600)
Furniture, equipment and leasehold improvements, net	\$ 174,518	\$ 196,125

Depreciation and amortization expense on furniture, equipment and leasehold improvements were \$36.5 million, \$52.8 million and \$60.9 million for the years ended December 31, 2013, 2012 and 2011, respectively.

During 2013, 2012 and 2011, we recorded \$28.4 million, \$223.0 million and \$7.2 million, respectively, in pre-tax real estate charges. Included in these charges were \$4.4 million, \$41.4 million and \$4.6 million, respectively, worth of leasehold improvements, furniture and equipment we wrote off related to the respective spaces. See Note 3 for further discussion of the real estate charges.

11. Deferred Sales Commissions, Net

The components of deferred sales commissions, net for the years ended December 31, 2013 and 2012 were as follows (excluding amounts related to fully amortized deferred sales commissions):

	December 31,	
	2013	2012
(in thousands)		
Carrying amount of deferred sales commissions	\$ 813,636	\$ 758,127
Less: Accumulated amortization	(516,311)	(475,032)
Cumulative CDSC received	(226,751)	(187,665)
Deferred sales commissions, net	\$ 70,574	\$ 95,430

Amortization expense was \$41.3 million, \$40.3 million and \$37.7 million for the years ended December 31, 2013, 2012 and 2011, respectively. Estimated future amortization expense related to the December 31, 2013 net asset balance, assuming no additional CDSC is received in future periods, is as follows (in thousands):

2014	\$ 29,157
2015	19,971
2016	15,406
2017	5,456
2018	500
2019	84
	\$ 70,574

12. Debt

As of December 31, 2013 and 2012, AllianceBernstein had \$268.4 million and \$323.2 million, respectively, in commercial paper outstanding with weighted average interest rates of approximately 0.3% and 0.5%, respectively. The commercial paper is short term in nature, and as such, recorded value is estimated to approximate fair value (and considered a Level 2 security in the fair value hierarchy). Average daily borrowings of commercial paper during 2013 and 2012 were \$282.0 million and \$404.9 million, respectively, with weighted average interest rates of approximately 0.3% and 0.4%, respectively.

AllianceBernstein has a \$1.0 billion committed, unsecured senior revolving credit facility (the “**Credit Facility**”) with a group of commercial banks and other lenders, which matures on January 17, 2017. The Credit Facility provides for possible increases in the principal amount by up to an aggregate incremental amount of \$250 million, any such increase being subject to the consent of the affected lenders. The Credit Facility is available for AllianceBernstein’s and SCB LLC’s business purposes, including the support of AllianceBernstein’s \$1.0 billion commercial paper program. Both AllianceBernstein and SCB LLC can draw directly under the Credit Facility and management may draw on the Credit Facility from time to time. AllianceBernstein has agreed to guarantee the obligations of SCB LLC under the Credit Facility.

[Table of Contents](#)

The Credit Facility contains affirmative, negative and financial covenants, which are customary for facilities of this type, including, among other things, restrictions on dispositions of assets, restrictions on liens, a minimum interest coverage ratio and a maximum leverage ratio. As of December 31, 2013, we were in compliance with these covenants. The Credit Facility also includes customary events of default (with customary grace periods, as applicable), including provisions under which, upon the occurrence of an event of default, all outstanding loans may be accelerated and/or lender's commitments may be terminated. Also, under such provisions, upon the occurrence of certain insolvency- or bankruptcy-related events of default, all amounts payable under the Credit Facility would automatically become immediately due and payable, and the lender's commitments would automatically terminate.

Amounts under the Credit Facility may be borrowed, repaid and re-borrowed by us from time to time until the maturity of the facility. Voluntary prepayments and commitment reductions requested by us are permitted at any time without fee (other than customary breakage costs relating to the prepayment of any drawn loans) upon proper notice and subject to a minimum dollar requirement. Borrowings under the Credit Facility bear interest at a rate per annum, which will be, at our option, a rate equal to an applicable margin, which is subject to adjustment based on the credit ratings of AllianceBernstein, plus one of the following indexes: London Interbank Offered Rate; a floating base rate; or the Federal Funds rate.

As of December 31, 2013 and 2012, we had no amounts outstanding under the Credit Facility. During 2013 and 2012, we did not draw upon the Credit Facility.

In addition, SCB LLC has five uncommitted lines of credit with four financial institutions. Two of these lines of credit permit us to borrow up to an aggregate of approximately \$200.0 million, with AllianceBernstein named as an additional borrower, while three lines have no stated limit. As of December 31, 2013 and 2012, SCB LLC had no bank loans outstanding. Average daily borrowings of bank loans during 2013 and 2012 were \$6.2 million and \$18.1 million, respectively, with weighted average interest rates of approximately 1.0% and 1.3%, respectively.

13. Commitments and Contingencies

Operating Leases

We lease office space, furniture and office equipment under various operating leases. The future minimum payments under non-cancelable leases, sublease commitments and related payments we are obligated to make, net of sublease commitments of third party lessees to make payments to us, as of December 31, 2013, are as follows:

	<u>Payments</u>	<u>Sublease Receipts</u>	<u>Net Payments</u>
	(in millions)		
2014	\$ 140.1	\$ 29.3	\$ 110.8
2015	140.2	36.1	104.1
2016	139.5	35.6	103.9
2017	140.9	36.2	104.7
2018	129.1	36.0	93.1
2019 and thereafter	957.2	140.9	816.3
Total future minimum payments	\$ 1,647.0	\$ 314.1	\$ 1,332.9

Office leases contain escalation clauses that provide for the pass through of increases in operating expenses and real estate taxes. Rent expense, which is amortized on a straight-line basis over the life of the lease, was \$74.7 million, \$100.4 million and \$121.2 million, respectively, for the years ended December 31, 2013, 2012 and 2011, net of sublease income of \$3.4 million, \$3.2 million and \$3.2 million, respectively, for the years ended December 31, 2013, 2012 and 2011. In addition, we accelerated rent of \$24.0 million, \$181.6 million and \$2.6 million in 2013, 2012 and 2011, respectively. See Note 3 for further discussion of the real estate charges.

Legal Proceedings

During the first quarter of 2012, we received a legal letter of claim (the "**Letter of Claim**") sent on behalf of Philips Pension Trustees Limited and Philips Electronics U.K. Limited ("**Philips**"), a former pension fund client, alleging that AllianceBernstein Limited (one of our subsidiaries organized in the U.K.) was negligent and failed to meet certain applicable standards of care with respect to the initial investment in, and management of, a £500 million portfolio of U.S. mortgage-backed securities. The alleged damages range between \$177 million and \$234 million, plus compound interest on an alleged \$125 million of realized losses in the portfolio. On January 2, 2014, Philips filed a claim form ("**Claim**") in the High Court of Justice in London, England, which formally commences litigation with respect to the allegations in the Letter of Claim.

[Table of Contents](#)

We believe that any losses to Philips resulted from adverse developments in the U.S. housing and mortgage market that precipitated the financial crisis in 2008 and not from any negligence or failure on our part. We believe that we have strong defenses to these claims, which are set forth in our October 12, 2012 response to the Letter of Claim, and will defend this matter vigorously. Currently, we are unable to estimate a reasonably possible range of loss because the matter remains in its early stages.

In addition to the Claim *discussed immediately above*, we are involved in various other matters, including regulatory inquiries, administrative proceedings and litigation, some of which allege significant damages.

In management's opinion, an adequate accrual has been made as of December 31, 2013 to provide for any probable losses regarding any litigation matters for which we can reasonably estimate an amount of loss. It is reasonably possible that we could incur additional losses pertaining to these matters, but currently we cannot estimate any such additional losses.

Management, after consultation with legal counsel, currently believes that the outcome of any matter that is pending or threatened, or all of them combined, will not have a material adverse effect on our results of operations, financial condition or liquidity. However, as any inquiry, proceeding or litigation has the element of uncertainty, management cannot determine whether further developments relating to any matter that is pending or threatened, or all of them combined, will have a material adverse effect on our results of operation, financial condition or liquidity in any future reporting period.

Other

During 2009, we entered into a subscription agreement under which we committed to invest up to \$35 million, as amended in 2011, in a venture capital fund over a six-year period. As of December 31, 2013, we have funded \$24.9 million of this commitment.

During 2010, as general partner of AllianceBernstein U.S. Real Estate L.P. (the "**Real Estate Fund**"), we committed to invest \$25 million in the Real Estate Fund. As of December 31, 2013, we have funded \$12.4 million of this commitment.

During 2012, we entered into an investment agreement under which we committed to invest up to \$8 million in an oil and gas fund over a three-year period. As of December 31, 2013, we have funded \$7.9 million of this commitment.

14. Net Capital

SCB LLC, a broker-dealer and a member organization of the New York Stock Exchange ("**NYSE**"), is subject to the Uniform Net Capital Rule 15c3-1 of the Exchange Act. SCB LLC computes its net capital under the alternative method permitted by the rule, which requires that minimum net capital, as defined, equals the greater of \$1 million or two percent of aggregate debit items arising from customer transactions, as defined. As of December 31, 2013, SCB LLC had net capital of \$160.1 million, which was \$141.7 million in excess of the minimum net capital requirement of \$18.4 million. Advances, dividend payments and other equity withdrawals by SCB LLC are restricted by regulations of the U.S. Securities and Exchange Commission ("**SEC**"), the Financial Industry Regulatory Authority, Inc., and other securities agencies.

SCBL is a member of the London Stock Exchange. As of December 31, 2013, SCBL was subject to financial resources requirements of \$20.6 million imposed by the Financial Conduct Authority of the United Kingdom and had aggregate regulatory financial resources of \$45.6 million, an excess of \$25.0 million.

AllianceBernstein Investments serves as distributor and/or underwriter for certain company-sponsored mutual funds. AllianceBernstein Investments is registered as a broker-dealer under the Exchange Act and is subject to the minimum net capital requirements imposed by the SEC. AllianceBernstein Investments' net capital as of December 31, 2013 was \$47.3 million, which was \$47.0 million in excess of its required net capital of \$0.3 million.

Many of our subsidiaries around the world are subject to minimum net capital requirements by the local laws and regulations to which they are subject. As of December 31, 2013, each of our subsidiaries subject to a minimum net capital requirement satisfied the applicable requirement.

15. Counterparty Risk

Customer Activities

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

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

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

In accordance with industry practice, SCB LLC and SCBL record customer transactions on a settlement date basis, which is generally three business days after trade date. SCB LLC and SCBL are exposed to risk of loss on these transactions in the event of the customer's or broker's inability to meet the terms of their contracts, in which case SCB LLC and SCBL may have to purchase or sell financial instruments at prevailing market prices. The risks assumed by SCB LLC and SCBL in connection with these transactions are not expected to have a material adverse effect on AllianceBernstein's, SCB LLC's, or SCBL's financial condition or results of operations.

Other Counterparties

SCB LLC and SCBL are engaged in various brokerage activities on behalf of clients, including Sanford C. Bernstein (Hong Kong) Limited (one of our subsidiaries), in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, SCB LLC and SCBL may be exposed to loss. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is SCB LLC's and SCBL's policy to review, as necessary, each counterparty's creditworthiness.

In connection with security borrowing and lending arrangements, SCB LLC and SCBL enter into collateralized agreements, which may result in credit exposure in the event the counterparty to a transaction is unable to fulfill its contractual obligations. Security borrowing arrangements require SCB LLC and SCBL to deposit cash collateral with the lender. With respect to security lending arrangements, SCB LLC (SCBL does not participate in security lending arrangements) receives collateral in the form of cash in amounts generally in excess of the market value of the securities loaned. SCB LLC minimizes credit risk associated with these activities by establishing credit limits for each broker and monitoring these limits on a daily basis. Additionally, security borrowing and lending collateral is marked to market on a daily basis, and additional collateral is deposited by or returned to SCB LLC and SCBL as necessary.

AllianceBernstein enters into various futures, forwards and swaps to economically hedge certain of its seed money investments, as well as currency forwards to hedge certain cash accounts. AllianceBernstein is exposed to credit losses in the event of nonperformance by counterparties to these derivative financial instruments. See Note 7 for further discussion.

16. Qualified Employee Benefit Plans

We maintain a qualified profit sharing plan covering U.S. employees and certain foreign employees. Employer contributions are discretionary and generally limited to the maximum amount deductible for federal income tax purposes. Aggregate contributions for 2013, 2012 and 2011 were \$12.8 million, \$13.0 million and \$13.7 million, respectively.

We maintain several defined contribution plans for foreign employees working for our subsidiaries in the United Kingdom, Australia, Japan and other locations outside the United States. Employer contributions generally are consistent with regulatory requirements and tax limits. Defined contribution expense for foreign entities was \$6.0 million, \$6.7 million and \$7.7 million in 2013, 2012 and 2011, respectively.

We maintain a qualified, noncontributory, defined benefit retirement plan ("**Retirement Plan**") covering current and former employees who were employed by AllianceBernstein in the United States prior to October 2, 2000. Benefits are based on years of credited service, average final base salary (as defined in the Retirement Plan), and primary Social Security benefits. Service and compensation after December 31, 2008 are not taken into account in determining participants' retirement benefits.

Our policy is to satisfy our funding obligation for each year in an amount not less than the minimum required by the Employee Retirement Income Security Act of 1974, as amended, and not greater than the maximum amount we can deduct for federal income tax purposes. We contributed \$4.0 million to the Retirement Plan during 2013. We currently estimate that we will contribute \$6.0 million to the Retirement Plan during 2014. Contribution estimates, which are subject to change, are based on regulatory requirements, future market conditions and assumptions used for actuarial computations of the Retirement Plan's obligations and assets. Management, at the present time, has not determined the amount, if any, of additional future contributions that may be required.

[Table of Contents](#)

The Retirement Plan's projected benefit obligation, fair value of plan assets, and funded status (amounts recognized in the consolidated statements of financial condition) were as follows:

	Years Ended December 31,	
	2013	2012
	(in thousands)	
<i>Change in projected benefit obligation:</i>		
Projected benefit obligation at beginning of year	\$ 107,806	\$ 94,655
Interest cost	4,640	4,633
Actuarial (gain) loss	(15,534)	13,481
Benefits paid	(3,364)	(4,963)
Projected benefit obligation at end of year	<u>93,548</u>	<u>107,806</u>
<i>Change in plan assets:</i>		
Plan assets at fair value at beginning of year	71,620	63,325
Actual return on plan assets	11,575	8,408
Employer contribution	4,000	4,850
Benefits paid	(3,364)	(4,963)
Plan assets at fair value at end of year	<u>83,831</u>	<u>71,620</u>
Funded status	<u>\$ (9,717)</u>	<u>\$ (36,186)</u>

The amounts recognized in other comprehensive income (loss) for 2013, 2012 and 2011 were as follows:

	2013	2012	2011
	(in thousands)		
Unrecognized net gain (loss) from experience different from that assumed and effects of changes and assumptions	\$ 22,871	\$ (9,194)	\$ (15,231)
Unrecognized net plan assets as of January 1, 1987 being recognized over 26.3 years	(47)	(143)	(143)
	<u>22,824</u>	<u>(9,337)</u>	<u>(15,374)</u>
Income tax (expense) benefit	(388)	(126)	332
Other comprehensive gain (loss)	<u>\$ 22,436</u>	<u>\$ (9,463)</u>	<u>\$ (15,042)</u>

The amounts included in accumulated other comprehensive income (loss) as of December 31, 2013 and 2012 were as follows:

	2013	2012
	(in thousands)	
Unrecognized net loss from experience different from that assumed and effects of changes and assumptions	\$ (25,393)	\$ (48,264)
Unrecognized net plan assets as of January 1, 1987 being recognized over 26.3 years	—	47
	<u>(25,393)</u>	<u>(48,217)</u>
Income tax benefit	335	723
Accumulated other comprehensive loss	<u>\$ (25,058)</u>	<u>\$ (47,494)</u>

The estimated amortization of loss for the Retirement Plan that will be amortized from accumulated other comprehensive income over the next year is \$472,258. The accumulated benefit obligation for the plan was \$93.5 million and \$107.8 million, respectively, as of December 31, 2013 and 2012.

The discount rates used to determine benefit obligations as of December 31, 2013 and 2012 (measurement dates) were 5.3% and 4.4%, respectively.

Benefit payments are expected to be paid as follows (in thousands):

2014	\$ 2,926
2015	4,630
2016	5,512
2017	4,609
2018	5,080
2019-2023	29,919

[Table of Contents](#)

Net expense under the Retirement Plan consisted of:

	Years Ended December 31,		
	2013	2012	2011
	(in thousands)		
Interest cost on projected benefit obligations	\$ 4,640	\$ 4,633	\$ 4,627
Expected return on plan assets	(5,347)	(4,969)	(5,133)
Amortization of transition asset	(47)	(143)	(143)
Recognized actuarial loss	1,109	848	399
Net pension expense (benefit)	\$ 355	\$ 369	\$ (250)

Actuarial computations used to determine net periodic costs were made utilizing the following weighted-average assumptions:

	Years Ended December 31,		
	2013	2012	2011
Discount rate on benefit obligations	4.40%	5.10%	5.50%
Expected long-term rate of return on plan assets	7.50	8.00	8.00

In developing the expected long-term rate of return on plan assets of 7.5%, management considered the historical returns and future expectations for returns for each asset category, as well as the target asset allocation of the portfolio. The expected long-term rate of return on assets is based on weighted average expected returns for each asset class.

The Retirement Plan's asset allocation percentages consisted of:

	December 31,	
	2013	2012
Equity securities	59%	67%
Debt securities	21	28
Real estate	—	2
Other	20	3
	100%	100%

The guidelines regarding allocation of assets are formalized in the Investment Policy Statement adopted by the Investment Committee for the Retirement Plan. The objective of the investment program is to enhance the portfolio of the Plan through total return (capital appreciation and income), thereby promoting the ongoing ability of the Plan to meet future liabilities and obligations, while minimizing the need for additional contributions. The guidelines specify an allocation weighting of 30% to 60% for return seeking investments (target of 40%), 10% to 30% for risk mitigating investments (target of 15%), 0% to 25% for diversifying investments (target of 17%) and 18% to 38% for dynamic asset allocation (target of 28%). Investments in mutual funds, hedge funds (and other alternative investments), and other commingled investment vehicles are permitted under the guidelines. Investments are permitted in overlay portfolios (regulated mutual funds) to complement the long-term strategic asset allocation. This portfolio overlay strategy is designed to manage short-term portfolio risk and mitigate the effect of extreme outcomes by varying the asset allocation of a portfolio through investment in the overlay portfolios.

See Note 9 for a description of how we measure the fair value of our plan assets.

The valuation of our Retirement Plan assets by pricing observability levels as of December 31, 2013 and 2012 was as follows:

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Cash	\$ 444	\$ —	\$ —	\$ 444
Hedge fund	—	5,758	—	5,758
Fixed income mutual funds	28,920	—	—	28,920
Equity mutual fund	14,795	—	—	14,795
Equity securities	23,440	—	—	23,440
Equity private investment trusts	—	10,474	—	10,474
Total assets measured at fair value	\$ 67,599	\$ 16,232	\$ —	\$ 83,831

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Cash	\$ 2,197	\$ —	\$ —	\$ 2,197
Fixed income mutual funds	22,135	—	—	22,135
Equity mutual fund	12,356	—	—	12,356
Equity securities	23,933	—	—	23,933
Equity private investment trusts	—	10,999	—	10,999
Total assets measured at fair value	\$ 60,621	\$ 10,999	\$ —	\$ 71,620

The Retirement Plan's investments include the following:

- two fixed income mutual funds, each of which seeks to generate income consistent with preservation of capital. One mutual fund invests in a portfolio of fixed income securities of U.S. and non-U.S. companies and U.S. and non-U.S. government securities and supranational entities, including lower-rated securities, while the second fund invests in a broad range of fixed income securities in both developed and emerging markets with a range of maturities from short- to long-duration;
- separate equity and fixed income mutual funds which seek to moderate the volatility of equity and fixed income oriented asset allocation over the long term, as part of an investor's overall asset allocation managed by AllianceBernstein;
- a multi-style, multi-cap integrated portfolio adding incremental U.S. equity diversification to its value and growth equity selections, designed to deliver a long-term premium to the S&P 500 with greater consistency across a range of market environments;
- two equity private investment trusts, one of which invests primarily in equity securities of non-U.S. companies located in emerging market countries, and the other trust invests in equity securities of established non-U.S. companies located in the countries comprising the MSCI EAFE Index, plus Canada; and
- a hedge fund that seeks to provide attractive risk-adjusted returns over full market cycles with less volatility than the broad equity markets by allocating all or substantially all of its assets among portfolio managers through portfolio funds that employ a broad range of investment strategies (2013 only).

We provide postretirement medical benefits which allow retirees between the ages of 55 and 65 meeting certain service requirements, at their election, to continue to participate in our group medical program by paying 100% of the applicable group premium. Retirees older than 65 also may continue to participate in our group medical program, but are required to pay the full expected cost of benefits. To the extent that retirees' medical costs exceed premiums paid, we incur the cost of providing a post-retirement medical benefit. During 2013, our net periodic benefit (credit) was \$(0.9) million, and our aggregate benefit obligation as of December 31, 2013 was \$0.2 million.

17. Long-term Incentive Compensation Plans

We maintain an unfunded, non-qualified incentive compensation program known as the AllianceBernstein 2013 Incentive Compensation Award Program (the "**Incentive Compensation Program**"), under which annual awards may be granted to eligible employees. See Note 2, "Summary of Significant Accounting Policies – Long-term Incentive Compensation Plans" for a discussion of the award provisions.

Under the Incentive Compensation Program, we made awards in 2013, 2012 and 2011 aggregating \$157.7 million, \$150.1 million and \$159.9 million, respectively. The amounts charged to employee compensation and benefits for the years ended December 31, 2013, 2012 and 2011 were \$162.3 million, \$151.4 million and \$654.3 million (which includes \$509.1 million of the one-time, non-cash compensation charge), respectively.

Effective as of July 1, 2010, we established the AllianceBernstein 2010 Long Term Incentive Plan, as amended ("**2010 Plan**"), which was adopted by Holding Unitholders at a special meeting of Holding Unitholders held on June 30, 2010. Since the 2010 Plan was adopted, the following forms of awards have been available for grant to employees and Eligible Directors: (i) restricted Holding Units or phantom restricted Holding Units (a "phantom" award is a contractual right to receive Holding Units at a later date or upon a specified event); (ii) options to buy Holding Units; and (iii) other Holding Unit-based awards (including, without limitation, Holding Unit appreciation rights and performance awards). The purpose of the 2010 Plan is to promote the interest of AllianceBernstein by: (i) attracting and retaining talented officers, employees and directors, (ii) motivating such officers, employees and directors by means of performance-related incentives to achieve longer-range business and operational goals, (iii) enabling such officers, employees and directors to participate in the long-term growth and financial success of AllianceBernstein, and (iv) aligning the interests of such officers, employees and directors with those of Holding Unitholders. The 2010 Plan will expire on June 30, 2020, and no awards under the 2010 Plan will be made after that date. Under the 2010 Plan, the aggregate number of Holding Units with respect to which awards may be granted is 60.0 million, including no more than 30.0 million newly-issued Holding Units.

[Table of Contents](#)

The 2010 Plan was amended by the Board in May 2011, expanding the universe of persons eligible to receive awards under the 2010 Plan to include any member of the Board who is a former executive or former employee of an affiliate of Holding. For purposes of this amendment, “**affiliate**” includes any company or other entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, AllianceBernstein.

The 2010 Plan was further amended by the Compensation Committee of the Board (“**Compensation Committee**”) in December 2011, clarifying that, where duly authorized by the Compensation Committee or the Board, continued vesting of awards after a Termination (as those terms are defined in the 2010 Plan or the applicable award agreement) in circumstances where such continued vesting is conditioned on compliance with (A) one or more restrictive covenants, and/or (B) a standard of conduct regarding appropriate consideration of risk set forth in the applicable award agreement, shall count towards satisfying the minimum vesting requirement set forth in Section 6(b)(i) of the 2010 Plan.

The 2010 Plan was further amended by the Board in May 2012, when the Board authorized management to reacquire on the open market or otherwise all 60.0 million Holding Units available for awards under the 2010 Plan (less one Holding Unit for every newly-issued Holding Unit already awarded under the 2010 Plan), while maintaining the 30.0 million Holding Unit limitation on newly-issued Holding Units available for awards under the 2010 Plan.

As of December 31, 2013, 248,281 options to buy Holding Units had been granted and 37,844,646 Holding Units, net of forfeitures, were subject to other Holding Unit awards made under the 2010 Plan. Holding Unit-based awards (including options) in respect of 21,907,073 Holding Units were available for grant as of December 31, 2013.

In 1997, we established the 1997 Long Term Incentive Plan (“**1997 Plan**”), under which options to buy Holding Units, restricted Holding Units and phantom restricted Holding Units, performance awards, and other Holding Unit-based awards were available for grant to key employees and Eligible Directors of the General Partner for terms established at the time of grant (generally 10 years).

Options granted to employees generally are exercisable at a rate of 20% of the Holding Units subject to such options on each of the first five anniversary dates of the date of grant; options granted to Eligible Directors generally are exercisable at a rate of 33.3% of the Holding Units subject to such options on each of the first three anniversary dates of the date of grant. Restricted Holding Units awarded to Eligible Directors vest on the third anniversary of the grant date or immediately upon a director’s resignation. Restricted Holding Units awarded to our CEO in December 2008 pursuant to his initial employment agreement (*as described below under “Restricted Holding Unit Awards”*) vested 20% on each of the first five anniversary dates of the grant date. Restricted Holding Units awarded under the Incentive Compensation Program vest 25% on December 1st of the subsequent four years. The 1997 Plan expired on July 26, 2010.

Option Awards

Options to buy Holding Units (including grants to Eligible Directors) were granted as follows: 37,690 options were granted during 2013, 114,443 options were granted during 2012 and 70,238 options were granted during 2011. The weighted average fair value of options to buy Holding Units granted during 2013, 2012 and 2011 was \$5.44, \$3.67 and \$5.98, respectively, on the date of grant, determined using the Black-Scholes option valuation model with the following assumptions:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Risk-free interest rate	0.8 – 1.7%	0.7%	1.9%
Expected cash distribution yield	8.0 – 8.3%	6.2%	5.4%
Historical volatility factor	49.7 – 49.8%	49.2%	47.3%
Expected term	6.0 years	6.0 years	6.0 years

Due to a lack of sufficient historical data, we have chosen to use the simplified method to calculate the expected term of options.

The activity in our option plan during 2013 is as follows:

	Options to Buy Holding Units	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2012	8,553,345	\$ 39.77	5.8	
Granted	37,690	25.47		
Exercised	(887,642)	17.05		
Forfeited	(602,374)	60.10		
Expired	(26,880)	36.50		
Outstanding as of December 31, 2013	7,074,139	40.82	4.9	\$ —
Exercisable as of December 31, 2013	4,684,512	34.97	4.8	—
Vested or expected to vest as of December 31, 2013	7,074,139	40.82	4.9	—

The aggregate intrinsic value as of December 31, 2013 on options outstanding, exercisable and expected to vest is negative, and is therefore presented as zero in the table above. The total intrinsic value of options exercised during 2013, 2012 and 2011 was \$5.0 million, zero and \$0.4 million, respectively.

Under the fair value method, compensation expense is measured at the grant date based on the estimated fair value of the options awarded (determined using the Black-Scholes option valuation model) and is recognized over the required service period. We recorded compensation (credit) expense relating to option grants of \$(3.8) million, \$1.2 million and \$36.4 million (which includes \$35.2 million of the one-time, non-cash compensation charge), respectively, for the years ended December 31, 2013, 2012 and 2011. As of December 31, 2013, there was no compensation cost related to unvested option grants not yet recognized in the consolidated statement of income.

Restricted Holding Unit Awards

In 2013, 2012 and 2011, restricted Holding Units were awarded to Eligible Directors. These Holding Units give the Eligible Directors, in most instances, all the rights of other Holding Unitholders subject to such restrictions on transfer as the Board may impose. We awarded 28,693, 28,812 and 19,313 restricted Holding Units, respectively, in 2013, 2012 and 2011 with grant date fair values per restricted Holding Unit of \$20.12 and \$26.44 in 2013, \$14.58 in 2012 and \$21.75 in 2011. All of the restricted Holding Units vest on the third anniversary of grant date or immediately upon a director's resignation. We fully expensed these awards on each grant date. We recorded compensation expense relating to these awards of \$0.7 million, \$0.4 million and \$0.4 million, respectively, for the years ended December 31, 2013, 2012 and 2011.

In connection with the commencement of Mr. Kraus's employment as our CEO on December 19, 2008, he was granted 2.7 million restricted Holding Units with a grant date fair value of \$19.20. Mr. Kraus's restricted Holding Units vested ratably on each of the first five anniversaries of December 19, 2008, commencing December 19, 2009, as a result of his continued employment by AllianceBernstein on the vesting dates. During June 2012, Mr. Kraus entered into an agreement (the "**Extended Employment Agreement**") pursuant to which Mr. Kraus will continue to serve as our CEO from January 3, 2014, the day following the end of the term of his initial employment agreement, until January 2, 2019 (the "**Extended Employment Term**"), unless the Extended Employment Agreement is terminated in accordance with its terms. In connection with the signing of the Extended Employment Agreement, Mr. Kraus was granted 2.7 million restricted Holding Units, vesting ratably over the Extended Employment Term. Under US GAAP, the compensation expense for the Holding Unit award under the Extended Employment Agreement of \$33.1 million (based on the \$12.17 grant date Holding Unit price) must be amortized on a straight-line basis over 6.5 years, beginning on the grant date. As a result, even though Mr. Kraus will not receive any incremental cash compensation or cash distributions related to the restricted Holding Unit award pursuant to the Extended Employment Agreement prior to its commencement on January 3, 2014, we incurred \$2.5 million of incremental compensation expense during the second half of 2012 and \$5.1 million of such expense during 2013. We recorded compensation expense relating to the CEO restricted Holding Unit grants of \$15.5 million, \$13.0 million and \$10.5 million, respectively, for the years ended December 31, 2013, 2012 and 2011.

In 1993, we established the Century Club Plan, under which employees of AllianceBernstein whose primary responsibilities are to assist in the distribution of company-sponsored mutual funds and who meet certain sales targets, are eligible to receive an award of restricted Holding Units. Awards granted prior to December 2010 vested ratably over three years and subsequent awards vest ratably over four years. The service requirement for Century Club participants was affected in the same manner as other long-term incentive compensation awards by the amendment to the employee long-term incentive compensation award program in the fourth quarter of 2011 (*see Note 2* for a description of the amendment). We awarded 55,000, 47,450 and 57,828 restricted Holding Units in 2013, 2012 and 2011, respectively. The grant date fair values per Holding Unit of these awards were \$21.67 in 2013, \$17.91 in 2012 and \$13.38 in 2011. We recorded compensation expense relating to the Century Club Plan grants of \$1.1 million, \$0.7 million and \$3.0 million (which includes \$2.2 million of the one-time, non-cash compensation charge), respectively, for the years ended December 31, 2013, 2012 and 2011.

[Table of Contents](#)

Since 2009, we have awarded restricted Holding Units under the Incentive Compensation Program. We awarded 13.2 million restricted Holding Units in 2013 (which included 6.5 million restricted Holding Units granted in January 2013 for 2012 year-end awards, 0.2 million additional restricted Holding Units granted in the second quarter of 2013 relating to the 2012 year-end awards and 6.5 million restricted Holding Units in December 2013 for the 2013 year-end awards) and 8.7 million restricted Holding Units in 2012 (all of which were granted in January 2012 for 2011 year-end awards) with grant date fair values per restricted Holding Unit ranging between \$19.80 and \$25.30 in 2013 and \$14.90 in 2012.

We also award restricted Holding Units in connection with certain employment and separation agreements with vesting schedules ranging between two and five years. The fair value of the restricted Holding Units is amortized over the required service period as employee compensation expense. We awarded 0.6 million, 0.6 million and 1.6 million restricted Holding Units in 2013, 2012 and 2011, respectively, with grant date fair values per restricted Holding Unit ranging between \$12.13 and \$24.15 in 2013, \$12.13 and \$17.58 in 2012 and \$16.29 and \$22.71 in 2011. We recorded compensation expense relating to restricted Holding Unit grants in connection with certain employment and separation agreements of \$19.0 million, \$20.1 million and \$32.9 million (which includes \$15.8 million of the one-time, non-cash compensation charge), respectively, for the years ended December 31, 2013, 2012 and 2011.

Changes in unvested restricted Holding Units during 2013 were as follows:

	Holding Units	Weighted Average Grant Date Fair Value per Holding Unit
Unvested as of December 31, 2012	18,437,489	\$ 18.79
Granted	13,935,259	20.81
Vested	(9,323,858)	21.16
Forfeited	(865,580)	19.96
Unvested as of December 31, 2013	22,183,310	19.02

The total grant date fair value of restricted Holding Units that vested during 2013, 2012 and 2011 was \$197.3 million, \$184.2 million and \$140.2 million, respectively. As of December 31, 2013, there was \$47.8 million of compensation expense related to unvested restricted Holding Unit awards granted and not yet recognized in the consolidated statement of income. The expense is expected to be recognized over a weighted average period of 4.2 years.

18. Units Outstanding

Changes in limited partnership units outstanding for the years ended December 31, 2013 and 2012 were as follows:

	2013	2012
Outstanding as of January 1,	277,600,901	277,847,588
Options exercised	887,642	—
Units issued	3,935,345	—
Units retired	(14,050,469)	(246,687)
Outstanding as of December 31,	268,373,419	277,600,901

During 2013 and 2012, we purchased 82,634 and 246,687 AllianceBernstein Units, respectively, in private transactions and retired them.

As discussed in Note 2, *Summary of Significant Accounting Policies - Long-term Incentive Compensation Plans*, on July 1, 2013, management retired all unallocated Holding Units in AllianceBernstein's consolidated rabbi trust, and continued to retire units during the third and fourth quarters of 2013 as we purchased Holding Units on the open market or from employees to allow them to fulfill statutory tax withholding requirements at the time of distribution of long-term incentive compensation awards.

19. Income Taxes

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

[Table of Contents](#)

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

Earnings (loss) before income taxes and income tax expense consist of:

	Years Ended December 31,		
	2013	2012	2011
	(in thousands)		
Earnings (loss) before income taxes:			
United States	\$ 471,813	\$ 177,347	\$ (120,159)
Foreign	92,438	25,018	(88,310)
Total	\$ 564,251	\$ 202,365	\$ (208,469)
Income tax expense:			
Partnership UBT	\$ 4,403	\$ 2,626	\$ 8,737
Corporate subsidiaries:			
Federal	7,032	2,367	10,600
State and local	2,318	541	1,772
Foreign	26,139	8,852	11,411
Current tax expense	39,892	14,386	32,520
Deferred tax (benefit)	(3,063)	(622)	(29,422)
Income tax expense	\$ 36,829	\$ 13,764	\$ 3,098

The principal reasons for the difference between the effective tax rates and the UBT statutory tax rate of 4.0% are as follows:

	Years Ended December 31,					
	2013		2012		2011	
	(in thousands)					
UBT statutory rate	\$ 22,570	4.0%	\$ 8,095	4.0%	\$ (8,339)	4.0%
Corporate subsidiaries' federal, state, local and foreign income taxes	27,766	4.9	12,547	6.2	2,998	(1.4)
Effect of ASC 740 adjustments, miscellaneous taxes, and other	(687)	(0.1)	(2,073)	(1.0)	7,785	(3.8)
Income not taxable resulting from use of UBT business apportionment factors	(12,820)	(2.3)	(4,805)	(2.4)	654	(0.3)
Income tax expense and effective tax rate	\$ 36,829	6.5	\$ 13,764	6.8	\$ 3,098	(1.5)

Income tax expense increased \$23.1 million, or 167.6%, in 2013 compared to 2012. The increase is primarily due to significantly higher pre-tax earnings (in large part due to the 2012 real estate charges), partially offset by the impact of a lower effective tax rate in the current year of 6.5% compared to 6.8% in 2012.

Income tax expenses increased \$10.7 million, or 344.3%, in 2012 compared to 2011. The increase primarily was due to higher operating income in 2012 (in large part due to the 2011 compensation charge offset by the 2012 real estate charges), partially offset by the UBT tax benefit recorded in the third quarter of 2012 (\$5.7 million). In the third quarter of 2012, application of the New York City tax law that sources various types of receipts from services performed by registered brokers and dealers of securities and commodities for purposes of apportioning income resulted in a reduction of our rate of tax for the current year and to the rate of tax that we expect to pay in the future. As a result, we recognized a \$5.7 million tax benefit in the third quarter of 2012 relating to our full year 2011 and nine months 2012 UBT.

[Table of Contents](#)

We recognize the effects of a tax position in the financial statements only if, as of the reporting date, it is “more likely than not” to be sustained based solely on its technical merits. In making this assessment, we assume that the taxing authority will examine the tax position and have full knowledge of all relevant information.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Years Ended December 31,		
	2013	2012	2011
		(in thousands)	
Balance as of beginning of period	\$ 3,672	\$ 4,028	\$ 5,326
Additions for prior year tax positions	-	158	190
Reductions for prior year tax positions	(580)	-	-
Additions for current year tax positions	706	918	761
Reductions for current year tax positions	-	-	-
Reductions related to closed years/settlements with tax authorities	(823)	(1,432)	(2,249)
Balance as of end of period	\$ 2,975	\$ 3,672	\$ 4,028

The amount of unrecognized tax benefits as of December 31, 2013, 2012 and 2011 when recognized, is recorded as a reduction to income tax expense and reduces the company’s effective tax rate.

Interest and penalties, if any, relating to tax positions are recorded in income tax expense on the consolidated statements of income. The total amount of interest expense (credit) recorded in income tax expense during 2013, 2012 and 2011 was \$0.1 million, \$(0.3) million and \$(0.2) million, respectively. The total amount of accrued interest payable recorded on the consolidated statements of financial condition as of December 31, 2013, 2012 and 2011 are \$0.2 million, \$0.2 million and \$0.5 million, respectively. There were no accrued penalties as of December 31, 2013, 2012 or 2011.

Generally, the company is no longer subject to U.S. federal, or state and local income tax examinations by tax authorities for any year prior to 2010, except as set forth below.

The Internal Revenue Service initiated an examination of our domestic corporate subsidiaries’ federal tax returns for the year 2011 in the fourth quarter of 2013. This examination remains in progress and we do not believe a reserve is necessary.

In addition, an examination of one of AllianceBernstein’s domestic corporate subsidiaries by a state taxing authority was closed in 2013 with no change to our tax filing.

The Canadian Revenue Agency has completed their examination of AllianceBernstein’s Canadian subsidiary tax returns for the years 2005 through 2007 with no change to our tax filings. Currently, there are no other income tax examinations at our significant non-U.S. subsidiaries. Years that remain open and may be subject to examination vary under local law, and range from one to seven years.

During the third quarter of 2011, the City of New York notified us of an examination of AllianceBernstein’s UBT returns for the years 2007 and 2008. The examination was closed in the third quarter of 2013 and was settled for \$0.3 million and the remaining reserves were released.

There are no significant examinations for the years 2010 and forward, so we do not expect any recognition of unrecognized tax benefits. However, adjustment to the reserve could occur due to changing facts and circumstances with respect to any future examinations.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effect of significant items comprising the net deferred tax asset (liability) is as follows:

	December 31,	
	2013	2012
	(in thousands)	
Deferred tax asset:		
Differences between book and tax basis:		
Benefits from net operating loss carryforwards	\$ 32,171	\$ 15,352
Long-term incentive compensation plans	21,957	28,340
Other, primarily accrued expenses deductible when paid	19,060	12,825
	<u>73,188</u>	<u>56,517</u>
Less: valuation allowance	<u>(27,580)</u>	<u>(12,789)</u>
Deferred tax asset	<u>45,608</u>	<u>43,728</u>
Deferred tax liability:		
Differences between book and tax basis:		
Intangible assets	5,917	6,971
Translation adjustment	8,725	8,655
Other, primarily undistributed earnings of certain foreign subsidiaries	6,563	—
	<u>21,205</u>	<u>15,626</u>
Deferred tax liability	<u>21,205</u>	<u>15,626</u>
Net deferred tax asset	<u>\$ 24,403</u>	<u>\$ 28,102</u>

Valuation allowances of \$27.6 million and \$12.8 million were established as of December 31, 2013 and 2012, respectively, due to the uncertainty of realizing certain net operating loss (“NOL”) carryforwards given the future losses expected to be incurred by the applicable subsidiaries. We had NOL carryforwards at December 31, 2013 of approximately \$106.5 million in certain foreign locations with an indefinite expiration period (including approximately \$29.6 million as a result of our acquisition of W.P. Stewart & Co., Ltd.; see Note 22). Also as a result of our acquisition of W.P. Stewart & Co., Ltd., we had NOL carryforwards at December 31, 2013 of approximately \$177.2 million in certain domestic locations with expiration periods between 15 and 20 years. We had NOL carryforwards at December 31, 2012 of approximately \$73.7 million in certain foreign locations with an indefinite expiration period.

The deferred tax asset is included in other assets. Management has determined that realization of the deferred tax asset is more likely than not based on anticipated future taxable income.

The company provides income taxes on the undistributed earnings of non-U.S. corporate subsidiaries except to the extent that such earnings are permanently invested outside the United States. As of December 31, 2013, \$726.9 million of accumulated undistributed earnings of non-U.S. corporate subsidiaries were permanently invested. At existing applicable income tax rates, additional taxes of approximately \$43.0 million, net of foreign tax credits, would need to be provided if such earnings were remitted.

20. Business Segment Information

Management has assessed the requirements of ASC 280, *Segment Reporting*, and determined that, because we utilize a consolidated approach to assess performance and allocate resources, we have only one operating segment. Enterprise-wide disclosures as of and for the years ended December 31, 2013, 2012 and 2011, were as follows:

Services

Net revenues derived from our investment management, research and related services were as follows:

	Years Ended December 31,		
	2013	2012	2011
	(in millions)		
Institutions	\$ 439	\$ 485	\$ 617
Retail	1,377	1,193	1,093
Private client	591	586	652
Bernstein research services	445	414	437
Other	66	62	(47)
Total revenues	2,918	2,740	2,752
Less: Interest expense	3	3	2
Net revenues	\$ 2,915	\$ 2,737	\$ 2,750

Our AllianceBernstein Global High Yield Portfolio, an open-end fund incorporated in Luxembourg (ACATEUH: LX), generated approximately 14%, 12% and 10% of our investment advisory and service fees and 14%, 13% and 11% of our net revenues during 2013, 2012 and 2011, respectively.

Geographic Information

Net revenues and long-lived assets, related to our U.S. and international operations, as of and for the years ended December 31, were as follows:

	2013	2012	2011
	(in millions)		
Net revenues:			
United States	\$ 1,723	\$ 1,700	\$ 1,725
International	1,192	1,037	1,025
Total	\$ 2,915	\$ 2,737	\$ 2,750
Long-lived assets:			
United States	\$ 3,353	\$ 3,363	
International	48	52	
Total	\$ 3,401	\$ 3,415	

Major Customers

Company-sponsored mutual funds are distributed to individual investors through broker-dealers, insurance sales representatives, banks, registered investment advisers, financial planners and other financial intermediaries. Certain subsidiaries of AXA, including AXA Advisors, LLC, have entered into selected dealer agreements with AllianceBernstein Investments and have been responsible for 2%, 4% and 1% of our open-end mutual fund sales in 2013, 2012 and 2011, respectively. During 2013, UBS AG was responsible for approximately 12% of our open-end mutual fund sales. Neither AXA nor UBS AG is under any obligation to sell a specific amount of AllianceBernstein Fund shares and each also sells shares of mutual funds that it sponsors and that are sponsored by unaffiliated organizations.

AXA and the general and separate accounts of AXA Equitable (including investments by the separate accounts of AXA Equitable in the funding vehicle EQ Advisors Trust) accounted for approximately 5%, 4% and 4% of total revenues for the years ended December 31, 2013, 2012 and 2011, respectively. No single institutional client other than AXA and its subsidiaries accounted for more than 1% of total revenues for the years ended December 31, 2013, 2012 and 2011.

21. Related Party Transactions

Mutual Funds

We provide investment management, distribution, shareholder, administrative and brokerage services to individual investors by means of retail mutual funds sponsored by our company, our subsidiaries and our affiliated joint venture companies. We provide substantially all of these services under contracts that specify the services to be provided and the fees to be charged. The contracts are subject to annual review and approval by each of the mutual funds' boards of directors or trustees and, in certain circumstances, by the mutual funds' shareholders. Revenues for services provided or related to the mutual funds are as follows:

	Years Ended December 31,		
	2013	2012	2011
	(in thousands)		
Investment advisory and services fees	\$ 1,009,901	\$ 878,848	\$ 830,502
Distribution revenues	455,327	407,531	359,787
Shareholder servicing fees	90,718	89,117	91,931
Other revenues	5,682	5,127	5,643
Bernstein research services	113	133	66

Also, we have receivables from AllianceBernstein mutual funds recorded in our consolidated statements of financial condition of \$171.1 million and \$154.4 million as of December 31, 2013 and 2012, respectively.

AXA and its Subsidiaries

We provide investment management and certain administration services to AXA and its subsidiaries. In addition, AXA and its subsidiaries distribute company-sponsored mutual funds, for which they receive commissions and distribution payments. Sales of company-sponsored mutual funds through AXA and its subsidiaries aggregated approximately \$0.7 billion, \$1.7 billion and \$0.4 billion for the years ended December 31, 2013, 2012 and 2011, respectively. Also, we are covered by various insurance policies maintained by AXA and its subsidiaries and we pay fees for technology and other services provided by AXA and its subsidiaries. Aggregate amounts included in the consolidated financial statements for transactions with AXA and its subsidiaries, as of and for the years ended December 31, are as follows:

	2013	2012	2011
	(in thousands)		
Revenues:			
Investment advisory and services fees	\$ 129,937	\$ 112,636	\$ 113,992
Bernstein research services	1,152	982	802
Distribution revenues	9,823	1,383	274
Other revenues	815	599	599
	<u>\$ 141,727</u>	<u>\$ 115,600</u>	<u>\$ 115,667</u>
Expenses:			
Commissions and distribution payments to financial intermediaries	\$ 13,338	\$ 7,924	\$ 7,411
General and administrative	18,311	19,779	22,191
Other	1,425	1,550	1,467
	<u>\$ 33,074</u>	<u>\$ 29,253</u>	<u>\$ 31,069</u>
Balance Sheet:			
Institutional investment advisory and services fees receivable	\$ 8,809	\$ 7,878	
Prepaid insurance	1,647	1,342	
Other due (to) from AXA and its subsidiaries	(4,908)	(3,732)	
	<u>\$ 5,548</u>	<u>\$ 5,488</u>	

During the first quarter of 2011, AXA sold its 50% interest in our consolidated Australian joint venture to an unaffiliated third party as part of a larger transaction. On March 31, 2011, we purchased that 50% interest from the unaffiliated third party making our Australian entity a wholly-owned subsidiary. Investment advisory and services fees earned by this company were approximately \$8.5 million for the first three months of 2011, of which approximately \$3.0 million were from AXA affiliates and are included in the table above. Minority interest recorded for this company was \$0.4 million for the first three months of 2011.

AllianceBernstein Venture Fund I, L.P. was launched during 2006. It seeks to achieve its investment objective, which is long-term capital appreciation through equity and equity-related investments, by acquiring early-stage growth companies in private transactions. One of our subsidiaries is the general partner of the fund and, as a result, the fund is included in our consolidated financial statements, with approximately \$46 million and \$47 million of investments in the consolidated statements of financial condition as of December 31, 2013 and 2012, respectively. AXA Equitable holds a 10% limited partnership interest in this fund.

We maintain an unfunded, non-qualified long-term incentive compensation plan known as the Capital Accumulation Plan and also have assumed obligations under contractual unfunded long-term incentive compensation arrangements covering certain executives (“**Contractual Arrangements**”). The Capital Accumulation Plan was frozen on December 31, 1987 and no additional awards have been made. The Board may terminate the Capital Accumulation Plan at any time without cause, in which case our liability would be limited to benefits that have vested. Payment of vested benefits under both the Capital Accumulation Plan and the Contractual Arrangements generally will be made over a ten-year period commencing at retirement age. The General Partner is obligated to make capital contributions to AllianceBernstein in amounts equal to benefits paid under the Capital Accumulation Plan and the Contractual Arrangements. Amounts paid by the General Partner to AllianceBernstein for the Capital Accumulation Plan and the Contractual Arrangements for the years ended December 31, 2013, 2012 and 2011 were \$3.4 million, \$4.4 million and \$4.8 million, respectively.

Other Related Parties

The consolidated statements of financial condition include a net receivable from Holding as a result of cash transactions for fees and expense reimbursements. The net receivable balance included in the consolidated statements of financial condition as of December 31, 2013 and 2012 was \$10.8 million and \$6.1 million, respectively.

22. Acquisitions

Acquisitions are accounted for under ASC 805, *Business Combinations*.

On October 1, 2010, we acquired SunAmerica’s alternative investment group, an experienced team that manages a portfolio of hedge fund and private equity fund investments. The purchase price of this acquisition was \$49.0 million, consisting of \$14.3 million of cash payments, \$2.5 million of assumed deferred compensation liabilities and \$32.2 million of net contingent consideration payable. The net contingent consideration payable consists of the net present value of three annual payments of \$1.5 million to SunAmerica based on its assets under management transferred to us in the acquisition and the net present value of projected revenue sharing payments of \$35.5 million based on projected newly-raised assets under management by the acquired group. This contingent consideration payable was offset by \$4.1 million of performance-based fees earned in 2010 determined to be pre-acquisition consideration. The excess of the purchase price over the fair value of identifiable assets acquired resulted in the recognition of \$46.1 million of goodwill. During the fourth quarter of 2013, we decreased the net contingent consideration payable by \$10.8 million (with a corresponding credit to contingent payment arrangements in our consolidated statement of income) due to lower projected revenue sharing payments.

As noted above in Note 21, during the first quarter of 2011, AXA sold its 50% interest in our consolidated Australian joint venture to an unaffiliated third party as part of a larger transaction. As a result, we eliminated \$32.1 million of non-controlling interests in consolidated entities and increased partner’s capital attributable to AllianceBernstein unitholders by \$10.7 million.

On May 31, 2011, we acquired Pyrandar Capital Management, LLC, an investment management company jointly owned by Caxton Associates L.P. (“**Caxton**”) and Kurt Feuerman, a Caxton portfolio manager. We hired Mr. Feuerman and members of his team from Caxton, and acquired investment management contracts of the investment vehicles the team managed. The purchase price of this acquisition was \$10.2 million, consisting of \$5.5 million of cash payments, \$4.4 million payable in 2012 and 2013 (contingent upon Mr. Feuerman remaining with our company; these amounts were paid in those years) and a miscellaneous liability of \$0.3 million. The excess of the purchase price over the fair value of identifiable assets acquired resulted in the recognition of \$5.7 million of goodwill. We also recorded \$2.5 million of indefinite-lived intangible assets relating to the acquired fund’s investment management contracts and \$2.0 million of definite-lived intangible assets relating to separately managed account relationships. Mr. Feuerman also received two restricted Holding Unit awards: one with a three-year service condition (the award was amended in December 2011 to eliminate the service condition); and one with a five-year service condition (with three specific service dates) and performance conditions (with three specific assets under management targets, later amended to two). As a result of the service conditions at the time of the acquisition, for accounting purposes these awards are considered compensation expense, not part of the purchase price. Also, we were contingently liable to pay Caxton up to an additional \$4.4 million if Mr. Feuerman met all of his service conditions and performance targets. During 2013, we paid Caxton the additional \$4.4 million as a result of Mr. Feuerman meeting all of his service conditions and performance targets.

On November 30, 2011, we acquired Taiwan International Investment Management Co. (“**TIIM**”) to expand our business in the Taiwanese market. The purchase price of this acquisition was a cash payment of \$15.0 million, net of cash acquired. The valuation of the fair value of assets and liabilities acquired had been determined provisionally as of December 31, 2011. The excess of the purchase price over the current fair value of identifiable net assets acquired resulted in the recognition of \$9.5 million of goodwill and intangible assets relating to customer relationships of \$0.3 million.

[Table of Contents](#)

On December 12, 2013, we acquired W.P. Stewart & Co., Ltd. (“WPS”), an equity investment manager that managed approximately \$2.1 billion in U.S., Global and EAFE concentrated growth equity strategies for its clients, primarily in the U.S. and Europe. On the acquisition date, we made a cash payment of \$12 per share for the approximate 4.9 million WPS shares outstanding and issued to WPS shareholders transferable contingent value rights (“CVRs”) entitling the holders to an additional \$4 per share if the assets under management in the acquired WPS investment services exceed \$5 billion on or before the third anniversary of the acquisition date. The excess of the purchase price over the fair value of identifiable assets acquired resulted in the recognition of \$32.2 million of goodwill. We also recorded \$7.5 million of indefinite-lived intangible assets relating to the acquired fund’s investment contracts and \$14.0 million of definite-lived intangible assets relating to separately managed account relationships. As of the acquisition date, we recorded a contingent consideration payable of \$17.1 million in regard to the CVRs.

The 2013, 2011 and 2010 acquisitions have not had a significant impact on 2013, 2012 or 2011 revenues and earnings. As a result, we have not provided supplemental pro forma information.

On January 20, 2014, we signed a share purchase agreement with Formuepleje A/S, Fondsmaeglerselskab and certain individual shareholders to acquire CPH Capital Fondsmaeglerselskab A/S, a Danish asset management firm that currently manages approximately \$3 billion in global core equity assets for institutional investors. This acquisition requires approval from the Danish Financial Services Authority, which approval is expected to take approximately 60 business days after submission of the executed agreement and filing of a related application. This acquisition is not expected to have a significant impact on 2014 revenues and earnings.

23. Quarterly Financial Data (Unaudited)

	Quarters Ended 2013			
	December 31	September 30	June 30	March 31
	(in thousands, except per unit amounts)			
Net revenues	\$ 765,572	\$ 706,078	\$ 734,275	\$ 709,122
Net income attributable to AllianceBernstein Unitholders	\$ 182,498	\$ 99,948	\$ 120,714	\$ 114,516
Basic net income per AllianceBernstein Unit ⁽¹⁾	\$ 0.68	\$ 0.37	\$ 0.43	\$ 0.41
Diluted net income per AllianceBernstein Unit ⁽¹⁾	\$ 0.68	\$ 0.37	\$ 0.43	\$ 0.41
Cash distributions per AllianceBernstein Unit ⁽²⁾⁽³⁾	\$ 0.66	\$ 0.46	\$ 0.44	\$ 0.41

	Quarters Ended 2012			
	December 31	September 30	June 30	March 31
	(in thousands, except per unit amounts)			
Net revenues	\$ 704,607	\$ 708,158	\$ 642,163	\$ 681,809
Net income (loss) attributable to AllianceBernstein Unitholders	\$ 71,699	\$ (44,246)	\$ 74,185	\$ 87,278
Basic net income (loss) per AllianceBernstein Unit ⁽¹⁾	\$ 0.26	\$ (0.16)	\$ 0.26	\$ 0.31
Diluted net income (loss) per AllianceBernstein Unit ⁽¹⁾	\$ 0.26	\$ (0.16)	\$ 0.26	\$ 0.31
Cash distributions per AllianceBernstein Unit ⁽²⁾⁽³⁾	\$ 0.38	\$ 0.41	\$ 0.26	\$ 0.31

(1) Basic and diluted net income (loss) per unit are computed independently for each of the periods presented. Accordingly, the sum of the quarterly net income (loss) per unit amounts may not agree to the total for the year.

(2) Declared and paid during the following quarter.

(3) Commencing in the third quarter of 2012, distributions reflect the impact of our non-GAAP adjustments.

[Table of Contents](#)

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

We did not have any changes in or disagreements with accountants in respect of accounting or financial disclosure.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

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

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

Management's Report on Internal Control Over Financial Reporting

Management acknowledges its responsibility for establishing and maintaining adequate internal control over financial reporting for each of Holding and AllianceBernstein.

Internal control over financial reporting is a process designed by, or under the supervision of, a company's principal executive officer and principal financial officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with US GAAP and receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those internal control systems determined to be effective can provide only reasonable assurance with respect to the reliability of financial statement preparation and presentation. Because of these inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness of internal control to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Holding's and AllianceBernstein's internal control over financial reporting as of December 31, 2013. In making its assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework (1992)* ("COSO criteria").

Based on its assessment, management concluded that, as of December 31, 2013, each of Holding and AllianceBernstein maintained effective internal control over financial reporting based on the COSO criteria.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the 2013 financial statements included in this Form 10-K, has issued an attestation report on the effectiveness of each of Holding's and AllianceBernstein's internal control over financial reporting as of December 31, 2013. The report pertaining to AllianceBernstein can be found in *Item 8*. The report pertaining to Holding can be found in Item 8 of Holding's Form 10-K for the year ended December 31, 2013.

Changes in Internal Control Over Financial Reporting

No changes in our internal control over financial reporting occurred during the fourth quarter of 2013 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

We reported all information required to be disclosed on Form 8-K during the fourth quarter of 2013.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We use “**Internet Site**” in Items 10 and 11 to refer to our company’s internet site, www.alliancebernstein.com.

To contact our company’s Corporate Secretary, you may send an email to corporate_secretary@alliancebernstein.com or write to Corporate Secretary, AllianceBernstein L.P., 1345 Avenue of the Americas, New York, New York 10105.

General Partner

The Partnerships’ activities are managed and controlled by the General Partner. The Board of the General Partner (“**Board**”) acts as the Board of each of the Partnerships. Neither AllianceBernstein Unitholders nor Holding Unitholders have any rights to manage or control the Partnerships or to elect directors of the General Partner. The General Partner is a subsidiary of AXA.

The General Partner does not receive any compensation from the Partnerships for services rendered to them as their general partner. The General Partner holds a 1% general partnership interest in AllianceBernstein and 100,000 units of general partnership interest in Holding. Each general partnership unit in Holding is entitled to receive distributions equal to those received by each Holding Unit.

The General Partner is entitled to reimbursement by AllianceBernstein for any expenses it incurs in carrying out its activities as general partner of the Partnerships, including compensation paid by the General Partner to its directors and officers (to the extent such persons are not compensated directly by AllianceBernstein).

Board of Directors

Our Board currently consists of 13 members, including our Chief Executive Officer, four senior executives of AXA and certain of its other subsidiaries, and eight independent directors. While we do not have a formal, written diversity policy in place, we believe that an effective board consists of a diverse group of individuals who collectively possess a variety of complementary skills and perspectives and who will work together to provide a board with the needed leadership and experience to successfully guide our company. As set forth in its charter, the Corporate Governance Committee of the Board (“**Governance Committee**”) assists the Board in identifying and evaluating such candidates, determining Board composition, developing and monitoring a process to assess Board effectiveness, developing and implementing corporate governance guidelines, and reviewing programs relating to matters of corporate responsibility.

As we indicate below, our directors have a combined wealth of leadership experience derived from extensive service leading large, complex organizations in their roles as either senior executives or board members and in government and academia. Each has the integrity, business judgment, collegiality and commitment that are among the essential characteristics for a member of our Board. Collectively, they have substantive knowledge and skills applicable to our business, including expertise in regulatory; public accounting and financial reporting; finance; risk management; business development; operations; strategic planning; management development, succession planning and compensation; corporate governance; public policy; international matters; and financial services areas.

As of February 12, 2014, our directors are as follows:

Peter S. Kraus

Mr. Kraus, age 61, was elected Chairman of the Board of the General Partner and Chief Executive Officer of the General Partner, AllianceBernstein and Holding in December 2008. Mr. Kraus has in-depth experience in financial services, including investment banking, asset management and private wealth management. From September 2008 through December 2008, he served as an executive vice president, the head of global strategy and a member of the Management Committee of Merrill Lynch & Company Inc. (“**Merrill Lynch**”). Prior to joining Merrill Lynch, Mr. Kraus spent 22 years with Goldman Sachs Group Inc. (“**Goldman**”), where he most recently served as co-head of the Investment Management Division and a member of the Management Committee, as well as head of firm-wide strategy and chairman of the Strategy Committee. Mr. Kraus also served as co-head of the Financial Institutions Group. He was named a partner at Goldman in 1994 and managing director in 1996.

In April 2010, Mr. Kraus was appointed a member of the Management Committee of AXA, which was formed by Mr. de Castris in April 2010 to assist him with the operational management of AXA. He has been a Director of AXA Financial, AXA Equitable and MONY Life Insurance Company of America (a subsidiary of AXA Financial, “**MLOA**”) since February 2009. He is not compensated for serving in these roles for AXA and its subsidiaries. Mr. Kraus is also Chairman of the Investment Committee of Trinity College, Chair of the Board of Overseers of CalArts, Co-Chair of the Friends of Carnegie International, a member of the Board of Directors of Lincoln Center for the Performing Arts and the Chairman of Lincoln Center’s Art Committee, a member of the Board of Keewaydin Foundation, and a member of the National Board of Young Audiences, Inc., a non-profit organization that works with educational systems, the arts community and private and public sectors to provide arts education to children.

Mr. Kraus brings to the Board extensive knowledge of our industry and in-depth experience in financial services, including experience as our CEO for the past five years and, previously, as co-head of the Investment Management Division and head of firm-wide strategy at Goldman.

Christopher M. Condron

Mr. Condron, age 66, was elected a Director of the General Partner in May 2001. Effective January 1, 2011, he retired as Director, President and Chief Executive Officer of AXA Financial, a post he held since May 2001. Prior to retiring, he was also Chairman of the Board, Chief Executive Officer and President of AXA Equitable and a member of the Management Committee of AXA. During 2010, he assumed the additional responsibility of overseeing AXA's Global Life & Savings and Health businesses. Prior to joining AXA Financial, Mr. Condron served as both President and Chief Operating Officer of Mellon Financial Corporation ("Mellon"), from 1999, and as Chairman and Chief Executive Officer of The Dreyfus Corporation, a subsidiary of Mellon, from 1995. Mr. Condron sits on the Board of Directors and the Executive Committee, and serves as Chairman of the Compensation Committee, of The American Ireland Fund. He also serves as Chairman of the Board at The University of Scranton.

Mr. Condron brings to the Board extensive financial services, insurance, sales and sell-side experience obtained from his service to AXA and Mellon.

Henri de Castries

Mr. de Castries, age 59, was elected a Director of the General Partner in October 1993. In April 2010, in connection with a change in AXA's governance structure from dual boards (the Supervisory Board and the Management Board) to a single Board of Directors, Mr. de Castries was appointed Chairman and Chief Executive Officer of AXA. From May 2000 through the change in AXA's governance, Mr. de Castries was Chairman of the AXA Management Board. Prior thereto, he served AXA in various capacities, including Vice Chairman of the AXA Management Board; Senior Executive Vice President-Financial Services and Life Insurance Activities in the United States, Germany, the United Kingdom and Benelux from 1996 to 2000; Senior Executive Vice President-Financial Services and Life Insurance Activities from 1993 to 1996; Corporate Secretary from 1991 to 1993; and Central Director of Finances from 1989 to 1991. Before joining AXA, Mr. de Castries was part of the French Finance Ministry Inspection Office. He is a director or officer of AXA Financial, AXA Equitable and various other privately-held subsidiaries and affiliates of the AXA Group. Mr. de Castries was elected Vice Chairman of AXA Financial in February 1996 and was elected Chairman of AXA Financial in April 1998. In addition, Mr. de Castries joined the board of directors and audit committee of Nestle, Inc. (VTX: NESN) in April 2012.

Mr. de Castries brings to the Board his extensive experience as an AXA executive and, prior thereto, his financial and public sector experience gained from working in French government. The Board also benefits from his invaluable perspective as the Chairman and Chief Executive Officer of AXA.

Denis Duverne

Mr. Duverne, age 60, was elected a Director of the General Partner in February 1996. In April 2010, he was appointed the Deputy Chief Executive Officer of AXA and a member of the Board of Directors of AXA. In January 2010, he was selected to oversee AXA Group strategy, finance and operations with AXA's Chief Operating Officer, Chief Financial Officer and Chief Risk Officer reporting to him. Mr. Duverne was a member of the AXA Management Board from February 2003 through the change in AXA's governance in April 2010. He was Chief Financial Officer of AXA from May 2003 through December 2009. From January 2000 to May 2003, Mr. Duverne served as Group Executive Vice President-Finance, Control and Strategy. Mr. Duverne joined AXA as Senior Vice President in 1995. He is a Director of AXA Financial, AXA Equitable and various other privately-held subsidiaries and affiliates of the AXA Group.

Mr. Duverne brings to the Board the highly diverse experience he has attained throughout the years from the many key roles he has served for AXA.

Steven G. Elliott

Mr. Elliott, age 67, was elected a Director of the General Partner in January 2011. Until his retirement in December 2010, Mr. Elliott had served as Senior Vice Chairman of The Bank of New York Mellon ("BNY Mellon") since 1998. In this role, he helped oversee numerous company-wide growth initiatives and co-headed the integration of The Bank of New York and Mellon from 2007 to 2009. Mr. Elliott was Chief Financial Officer of Mellon from 1990 to 2002 and Head of Finance from 1987 to 1990, while also leading some of Mellon's diverse lines of business, including asset servicing, securities lending, global cash management and institutional banking. Before joining BNY Mellon, he held senior positions at First Commerce Corporation (1986-87), Crocker National Bank (1984-86), Continental Illinois National Bank (1977-84) and United California Bank (1974-77). Since January 2011, he has been a member of the boards of directors of Huntington Bancshares Inc. (NASDAQ: HBAN) and PPL Corporation (NYSE: PPL). Since April 2011, he has served as Chairman of Huntington Bancshares's risk oversight committee and, since January 2012, he has served as Chairman of PPL Corporation's audit committee. Mr. Elliott served as a director of Mellon (NYSE: MEL) from 2001 to the July 2007 merger with The Bank of New York and then as a director of BNY Mellon (NYSE: BK) through July 2008.

Mr. Elliott, an audit committee financial expert, brings to the Board the four decades of auditing and banking expertise he has gained in the financial services industry.

Deborah S. Hechinger

Ms. Hechinger, age 63, was elected a Director of the General Partner in May 2007. Currently an independent consultant on non-profit governance, she was President and Chief Executive Officer of BoardSource, a leading governance resource for non-profit organizations, from 2003 to 2007. From 2004 to 2007, Ms. Hechinger also served as co-convenor of the Governance and Fiduciary Responsibilities work group, one of the five groups established by the Panel on the Nonprofit Sector to make recommendations to Congress on ways to improve the governance and accountability of non-profit organizations. She also served on the Advisory Board for the Center for Effective Philanthropy and was a Member of the Ethics and Accountability Committee at Independent Sector. Prior to joining BoardSource, Ms. Hechinger was the Executive Vice President of the World Wildlife Fund, a large, global conservation organization, where she oversaw all fundraising, communication and operations activities. She also has served as a Deputy Comptroller and as Director of the Securities and Corporate Practices Division at the Office of the Comptroller of the Currency and has held senior executive positions in the Division of Enforcement at the SEC. A graduate of Georgetown Law School, Ms. Hechinger has been a member in good standing of the District of Columbia Bar Association since 1975.

Ms. Hechinger brings to the Board the significant knowledge of corporate governance matters and public policy she has gained through her extensive experience in both the private and public sectors.

Weston M. Hicks

Mr. Hicks, age 57, was elected a Director of the General Partner in July 2005. He has been a Director and the President and chief executive officer of Alleghany Corporation (NYSE: Y, “**Alleghany**”), an insurance and diversified financial services holding company, since December 2004 and was Executive Vice President of Alleghany from October 2002 until December 2004. From March 2001 through October 2002, Mr. Hicks was Executive Vice President and Chief Financial Officer of The Chubb Corporation.

Mr. Hicks brings to the Board extensive financial expertise, including his unique perspective as the chief executive officer of an unaffiliated publicly-traded company, his background as a professional investor and CFA charter holder, and his ten years of experience as an equity research analyst.

Mark Pearson

Mr. Pearson, age 55, was elected a Director of the General Partner in February 2011. Also during February 2011, he succeeded Mr. Condron as Director, President and Chief Executive Officer of AXA Financial, and as Chairman and Chief Executive Officer of AXA Equitable. Mr. Pearson joined AXA in 1995 when AXA acquired National Mutual Funds Management Limited (presently AXA Asia Pacific Holdings Limited) and became a member of the Executive Committee of AXA in 2008 and the Management Committee of AXA in 2011. He was appointed Regional Chief Executive of AXA Asia Life in 2001 and, in 2008, was named President and Chief Executive Officer of AXA Japan Holding Co., Ltd. and AXA Life Insurance Co., Ltd. Prior to joining AXA, Mr. Pearson spent approximately 20 years in the insurance sector, holding several senior management positions at National Mutual and Friends Provident.

Mr. Pearson brings to the Board the in-depth knowledge of Asian markets and diverse experience he has developed through the key roles he has served for AXA.

Scott A. Schoen

Mr. Schoen, age 55, was elected a Director of the General Partner in July 2013. He has served as Chief Executive Officer of Baylon Capital Partners, L.P. (“**Baylon**”), a private family investment office, since April 2013. In addition, Mr. Schoen has served as a Senior Advisor to Thomas Lee Partners, L.P. (“**THL**”), a private equity firm, since 2012 and, prior thereto, held various senior management roles with THL, including Vice Chairman from 2010 to 2011, Co-President from 2003 to 2009 and Senior Managing Director from 1998 to 2003. Mr. Schoen began his career in the investment banking group at Goldman. He serves as Chairman of the Board of Trustees of Partners Continuing Care and Spaulding Rehabilitation Hospital, a Member of the Board of Trustees of Partners Healthcare System, a Member of the President’s Council of Massachusetts General Hospital, and a Director of Share Our Strength.

Mr. Schoen brings to the Board extensive private equity and investment banking experience, as well as his executive experience as the CEO of Baylon.

Lorie A. Slutsky

Ms. Slutsky, age 61, was elected a Director of the General Partner in July 2002. Since January 1990, she has been President and Chief Executive Officer of The New York Community Trust (“NYCT”), a community foundation that manages a \$2.3 billion endowment and annually grants more than \$140 million to non-profit organizations. Ms. Slutsky is Treasurer and a board member of the Independent Sector and co-chaired its National Panel on the Non-Profit Sector, which focused on reducing abuse and improving governance practices at non-profit organizations. She served on the Board of Directors of BoardSource from 1999 to 2008 and served as its Chair from 2005 to 2007. Ms. Slutsky also served as Trustee and Chair of the Budget Committee of Colgate University from 1989 to 1997 and as a member of the Council on Foundations from 1989 to 1995, for which she also served as Chair from 1993 to 1995. She has been a Director of AXA Financial, AXA Equitable and MLOA since September 2006. In addition, Ms. Slutsky was a member of AXA Financial’s Audit Committee from 2006 through 2010. She has been a member of AXA Financial’s Organization and Compensation Committee since 2006 and was elected Chair of the Organization and Compensation Committee in February 2012.

Ms. Slutsky brings to the Board extensive corporate governance experience achieved through her executive and managerial roles at NYCT, BoardSource, Independent Sector and various other non-profit organizations. She also brings valuable insight gained from serving on boards and board committees at certain of our parent companies.

Christian Thimann

Mr. Thimann, age 47, was elected a Director of the General Partner in February 2014. In January 2014, he joined AXA as Group Head of Strategy & Public Affairs and as a member of AXA’s Executive Committee. Prior to joining AXA, Mr. Thimann held several senior positions spanning 15 years with the European Central Bank, including, most recently, Director General and Adviser to the President from November 2008 until December 2013. From 1995 to 1998, he worked with the International Monetary Fund. Mr. Thimann is Trustee of the Max-Planck-Institute for Tax Law and Public Finance and has published numerous articles on international finance, monetary economics and macroeconomics. He earned a PhD in economics in 1995.

Mr. Thimann brings to the Board his vast experience in public affairs and international finance.

Peter J. Tobin

Mr. Tobin, age 69, was elected a Director of the General Partner in May 2000. From September 2003 to June 2005, he was Special Assistant to the President of St. John’s University. Prior thereto, Mr. Tobin served as Dean of the Tobin College of Business of St. John’s University from August 1998 to September 2003. As Dean, Mr. Tobin was the chief executive and academic leader of the College of Business. Mr. Tobin was Chief Financial Officer at The Chase Manhattan Corporation from 1996 to 1997. Prior thereto, he was Chief Financial Officer of Chemical Bank (which merged with Chase in 1996) from 1991 to 1996 and Chief Financial Officer of Manufacturers Hanover Trust (which merged with Chemical in 1991) from 1985 to 1991. Mr. Tobin has served on the board of directors of CIT Group Inc. (NYSE: CIT) since 1985 (except for one year during which CIT Group was owned by Tyco). Until his retirement in February 2012, he had been a Director of AXA Financial and AXA Equitable since March 1999 and also served on AXA Financial’s Audit Committee, Investment Committee, Investment and Finance Committee, Organization and Compensation Committee, and Executive Committee.

Mr. Tobin brings to the Board invaluable expertise as an audit committee financial expert and key leadership and analytical skills from his positions in academia.

Joshua A. Weinreich

Mr. Weinreich, age 53, was elected a Director of the General Partner in July 2013. A career finance executive, Mr. Weinreich retired in 2004 after 20 years with Bankers Trust/Deutsche Bank where he served as Global Head of Hedge Funds for Deutsche Bank, Chief Executive Officer of Deutsche Asset Management, Americas, Co-Head of Bankers Trust Private Bank, Chief Investment Officer for Bankers Trust Private Bank, as well as President of BT Futures, and Head of Corporate Capital Markets (US). He plays key roles on several boards, which roles currently include Vice Chair of the Community FoodBank of New Jersey and Chair of the Overlook Hospital Foundation Investment Committee, and director of Newark Academy, Skybridge Capital Hedge Fund Portfolios, and Houseparty Inc.

Mr. Weinreich brings to the Board the financial expertise and managerial skills he cultivated while working with Deutsche Bank and the philanthropic experiences he has cultivated since retiring.

Resignation of Directors and Appointment of New Directors

The following changes to our Board composition have occurred since we filed our Form 10-K for the year ended December 31, 2012, or will occur in the near future:

- On May 21, 2013, Kevin Molloy resigned from the Board;
- On July 30, 2013, Messrs. Schoen and Weinreich were elected as new members of the Board;
- On September 12, 2013, Andrew J. McMahon resigned from the Board;

[Table of Contents](#)

- On November 18, 2013, A.W. (Pete) Smith, Jr. retired from the Board in accordance with our Corporate Governance Guidelines;
- On February 11, 2014, Mr. Thimann was elected as a new member of the Board; and
- On March 4, 2014, Mr. Tobin will retire from the Board in accordance with our Corporate Governance Guidelines.

Executive Officers (other than Mr. Kraus)

Laurence E. Cranch, General Counsel

Mr. Cranch, age 67, has been our General Counsel since he joined our firm in 2004. Prior to joining AllianceBernstein, Mr. Cranch was a partner of Clifford Chance, an international law firm. Mr. Cranch joined Clifford Chance in 2000 when Rogers & Wells, a New York law firm of which he was Managing Partner, merged with Clifford Chance.

James A. Gingrich, Chief Operating Officer

Mr. Gingrich, age 55, joined our firm in 1999 as a senior research analyst with SCB LLC and has been our firm's Chief Operating Officer since December 2011. Prior to becoming COO, Mr. Gingrich held senior managerial positions with SCB LLC, including Chairman and Chief Executive Officer of SCB LLC from February 2007 to November 2011 and Global Director of Research from December 2002 to January 2007.

Lori A. Massad, Head of Human Capital and Chief Talent Officer

Ms. Massad, age 49, joined our firm in 2006 as Chief Talent Officer. In February 2009, her role was expanded to include oversight of Human Capital in addition to Talent Development. Prior to joining our firm, Ms. Massad served as Chief Talent Officer and Chief Operating Officer at Marakon Associates, a strategy consulting firm from 2004 to 2006. Before joining Marakon, Ms. Massad was a founding member of two start-ups: Spencer Stuart Talent Network (in 2001) and EmployeeMatters, a human resources outsourcing firm (in 2000). Prior to helping found EmployeeMatters, she spent eight years at The Boston Consulting Group, where she became a senior manager on the consulting staff and leader of the firm's recruiting, training and development programs. While with The Boston Consulting Group, Ms. Massad was also an adjunct professor at New York University's Leonard Stern School of Business.

Robert P. van Brugge, Chairman and Chief Executive Officer of SCB LLC

Mr. van Brugge, age 45, has been Chairman of the Board and Chief Executive Officer of SCB LLC since December 2011. Prior to becoming Chairman and CEO, Mr. van Brugge served as Global Director of Research from January 2008 to December 2011. He joined our firm in 2002 as a senior research analyst with SCB LLC.

John C. Weisenseel, Chief Financial Officer

Mr. Weisenseel, age 54, joined our firm in May 2012 as Senior Vice President and Chief Financial Officer. From 2004 to April 2012, he worked at The McGraw Hill Companies ("McGraw Hill"), where he served initially as Senior Vice President and Corporate Treasurer and, since 2007, as Chief Financial Officer of the firm's Standard & Poor's subsidiary. Prior to joining McGraw Hill, Mr. Weisenseel was Vice President and Corporate Treasurer for Barnes & Noble, Inc. Prior to joining Barnes & Noble, he spent ten years in various derivatives trading and financial positions at Citigroup. A Certified Public Accountant, Mr. Weisenseel also worked at KPMG LLP.

Board Meetings

In 2013, the Board held:

- regular meetings in February, April, May, July, September and November; and
- special meetings in June and August.

Generally, the Board holds six meetings annually: in February, April, May, July or August, September, and November. In addition, the Board holds special meetings or takes action by unanimous written consent as circumstances warrant. The Board has standing Executive, Audit, Corporate Governance, Compensation and Special Committees, each of which *is described in further detail below*. Each member of the Board attended 75% or more of the aggregate of all Board and committee meetings that he or she was entitled to attend in 2013, except Mr. de Castries.

Committees of the Board

The Executive Committee of the Board ("**Executive Committee**"), during 2013, consisted of Ms. Slutsky and Messrs. Condron, de Castries, Duverne, Kraus (Chair) and Tobin. The Executive Committee exercises all of the powers and authority of the Board (with limited exceptions) when the Board is not in session, or when it is impractical to assemble the full Board. The Executive Committee held four meetings in 2013.

[Table of Contents](#)

The Governance Committee, during 2013, consisted of Mses. Hechinger (Chair) and Slutsky and Messrs. Condron, Duverne and Kraus. The Governance Committee:

- assists the Board and the sole stockholder of the General Partner in:
 - identifying and evaluating qualified individuals to become Board members; and
 - determining the composition of the Board and its committees, and
- assists the Board in:
 - developing and monitoring a process to assess Board effectiveness;
 - developing and implementing our corporate governance guidelines; and
 - reviewing our policies and programs that relate to matters of corporate responsibility of the General Partner and the Partnerships.

The Governance Committee held three meetings in 2013.

The Audit Committee of the Board (“**Audit Committee**”) consisted of Messrs. Elliott, Hicks, Smith and Tobin (Chair), and commencing in July 2013, Mr. Schoen. Mr. Smith retired from the Board (and each Board committee of which he was a member) in November 2013. The primary purposes of the Audit Committee are to:

- assist the Board in its oversight of:
 - the integrity of the financial statements of the Partnerships;
 - the Partnerships’ status and system of compliance with legal and regulatory requirements and business conduct;
 - the independent registered public accounting firm’s qualification and independence; and
 - the performance of the Partnerships’ internal audit function; and
- oversee the appointment, retention, compensation, evaluation and termination of the Partnerships’ independent registered public accounting firm.

Consistent with these functions, the Audit Committee encourages continuous improvement of, and fosters adherence to, the Partnerships’ policies, procedures and practices at all levels. With respect to these matters, the Audit Committee provides an open avenue of communication among the independent registered public accounting firm, senior management, the Internal Audit Department and the Board. The Audit Committee held seven meetings in 2013.

The Compensation Committee of the Board (“**Compensation Committee**”) consisted of Ms. Slutsky and Messrs. Condron (Chair), Duverne, Elliott, Kraus and Smith, until Mr. Smith retired in November 2013. The Compensation Committee held three meetings in 2013. For additional information about the Compensation Committee, see “*Compensation Discussion and Analysis—Compensation Committee*” in *Item 11*.

The functions of each of the committees *discussed above* are more fully described in each committee’s charter. The charters are available on our Internet Site.

The Special Committee of the Board (“**Special Committee**”) consists of all of the independent directors and, in 2013, included Mses. Hechinger and Slutsky and Messrs. Elliott, Hicks, Schoen, Smith, Tobin (Chair) and Weinreich. Messrs. Schoen and Weinreich joined the Special Committee upon joining the Board in July 2013. Mr. Smith retired from the Special Committee upon retiring from the Board in November 2013. The Special Committee has the authority to direct and oversee any matters referred to it by the Board and/or management including, but not limited to, matters relating to conflicts of interest and the relationship among AllianceBernstein, Holding and AXA. The members of the Special Committee do not receive any additional compensation for their service on the Special Committee, apart from the ordinary meeting fees *described in “Director Compensation” in Item 11*. The Special Committee did not meet in 2013.

Audit Committee Financial Experts; Financial Literacy

In January 2013 and 2014, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Messrs. Elliott and Tobin is an “audit committee financial expert” within the meaning of Item 407(d) of Regulation S-K. The Board so determined at its regular meetings in February 2013 and 2014.

In January 2013, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Messrs. Elliott, Hicks, Smith and Tobin is financially literate and possesses accounting or related financial management expertise, as contemplated by Section 303A.07(a) of the NYSE Listed Company Manual (“**Financially Literate**”). The Board so determined at its regular meeting in February 2013.

In July 2013, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that Mr. Schoen is Financially Literate. The Board so determined at its regular meeting in July 2013.

In January 2014, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Messrs. Elliott, Hicks, Schoen and Tobin is Financially Literate. The Board so determined at its regular meeting in February 2014.

Independence of Certain Directors

In January 2013, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Mses. Hechinger and Slutsky and Messrs. Elliott, Hicks, Smith and Tobin is “independent” within the meaning of Section 303A.02 of the NYSE Listed Company Manual. The Board considered immaterial relationships of Mr. Elliott (relating to the fact that AllianceBernstein and its family of mutual funds are clients of BNY Mellon and Mr. Elliott’s equity stake in BNY Mellon), Mr. Hicks (relating to the fact that Alleghany is a client of SCB LLC and Mr. Hicks was employed by Bernstein from 1991 to 1999), Ms. Slutsky (relating to contributions formerly made by AllianceBernstein to NYCT and the fact that she is a member of the boards of directors of AXA Financial and AXA Equitable) and Mr. Tobin (relating to the fact that, until his retirement in February 2012, he was a member of the boards of directors of AXA Financial and AXA Equitable) and then determined, at its February 2013 regular meeting, that each of Mses. Hechinger and Slutsky and Messrs. Elliott, Hicks, Smith and Tobin is independent within the meaning of the relevant rules.

In July 2013, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Messrs. Schoen and Weinreich is independent within the meaning of the relevant rules. The Board so determined at its regular meeting in July 2013.

In January 2014, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Mses. Hechinger and Slutsky and Messrs. Condron, Elliott, Hicks, Schoen, Tobin and Weinreich is independent. The Board considered immaterial relationships of Mr. Condron (relating to the fact that, from May 2001 through December 31, 2010, he was an executive officer of AXA Financial), Mr. Hicks (relating to the fact that Alleghany is a client of SCB LLC), Ms. Slutsky (relating to a contribution AllianceBernstein intends to make to NYCT in February 2014 and the fact that she is a member of the boards of directors of AXA Financial and AXA Equitable) and Mr. Tobin (relating to the fact that, until his retirement in February 2012, he was a member of the boards of directors of AXA Financial and AXA Equitable), and determined, at its February 2014 regular meeting, that each of Mses. Hechinger and Slutsky and Messrs. Condron, Elliott, Hicks, Schoen, Tobin and Weinreich is independent within the meaning of the relevant rules.

Board Leadership Structure and Role in Risk Oversight

Leadership

The Board, together with the Governance Committee, is responsible for reviewing the Board’s leadership structure. In determining the appropriate individual to serve as our Chairman and Chief Executive Officer, the Board and the Governance Committee consider, among other things, the composition of the Board, the role of the Board’s lead director (*discussed more fully below*), our company’s strong corporate governance practices, and the challenges and opportunities specific to our company.

We believe that our company derives significant benefits from having one individual hold the positions of both Chairman and Chief Executive Officer, provided we have sufficient counter-balancing governance in place. We see significant value in having the leader in the Board room also manage the affairs of our company, and we believe any potential doubts as to our Board’s objectivity in evaluating management are offset by the lead independent director we have in place and the fact that the affirmative consent of our largest Unitholder (AXA) is required in order for any action taken by the Executive Committee or the Compensation Committee to be effective.

Lead Independent Director

Our lead independent director, Peter J. Tobin, was appointed unanimously by our Board in November 2005. He presides at all executive sessions of non-management and independent directors and makes himself available, if requested by Unitholders, for consultation and communication. Interested parties wishing to communicate directly with Mr. Tobin may send an e-mail, with “confidential” in the subject line, to our Corporate Secretary or address mail to Mr. Tobin in care of our Corporate Secretary. Our Corporate Secretary will promptly forward such e-mail or mail to Mr. Tobin. We have posted this information in the “Management & Governance” section of our Internet Site.

The Board, at its February 2014 regular meeting, unanimously appointed, consistent with the Governance Committee’s recommendation, Steven G. Elliott as our lead independent director, effective upon Mr. Tobin’s retirement on March 4, 2014.

Risk Oversight

The Board, together with the Audit Committee, has oversight for our company's risk management framework, both investment risk and operational risk, and is responsible for helping to ensure that our company's risks are managed in a sound manner. The Board has delegated to the Audit Committee, which consists entirely of independent directors, the responsibility to consider our company's policies and practices with respect to operational risk assessment and operational risk management, including discussing with management the major financial risk exposures and the steps taken to monitor and control such exposures. Members of the company's Risk Management team, who are responsible for identifying, managing and controlling the array of operational and investment risks inherent in our company's business and operations, make quarterly reports to the Audit Committee, including an annual risk review that addresses operational risk identification, assessment and monitoring. The Chief Risk Officer, whose expertise encompasses both quantitative research and associated investment risks, makes periodic presentations to the Board. He reports directly to our Chairman and Chief Executive Officer and, since 2013, has had a reporting line to the Audit Committee.

The Board has determined that its leadership and risk oversight are appropriate for our company. Mr. Kraus's in-depth knowledge of financial services and extensive executive experience in the investment management industry make him uniquely suited to serve as our Chairman and Chief Executive Officer, while Mr. Tobin's leadership and expertise have proven invaluable at enhancing the overall functioning of the Board. The Board believes that the combination of a single Chairman and Chief Executive Officer, a lead independent director, the Audit Committee, a specialized risk management team, and significant involvement from our largest Unitholder (AXA) provide the appropriate leadership to help ensure effective risk oversight by the Board.

Code of Ethics and Related Policies

All of our directors, officers and employees are subject to our Code of Business Conduct and Ethics. The code is intended to comply with Section 303A.10 of the NYSE Listed Company Manual, Rule 204A-1 under the Investment Advisers Act and Rule 17j-1 under the Investment Company Act, as well as with recommendations issued by the Investment Company Institute regarding, among other things, practices and standards with respect to securities transactions of investment professionals. The Code of Business Conduct and Ethics establishes certain guiding principles for all of our employees, including sensitivity to our fiduciary obligations and ensuring that we meet those obligations. Our Code of Business Conduct and Ethics may be found in the "Management & Governance" section of our Internet Site.

We have adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers, which is intended to comply with Section 406 of the Sarbanes-Oxley Act of 2002 ("**Item 406 Code**"). The Item 406 Code, which may be found in the "Management & Governance" section of our Internet Site, was adopted in October 2004 by the Executive Committee. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding certain amendments to, or waivers from, provisions of the Item 406 Code that apply to the Chief Executive Officer, the Chief Financial Officer and the Chief Accounting Officer by posting such information on our Internet Site. To date, there have been no such amendments or waivers.

NYSE Governance Matters

Section 303A.00 of the NYSE Listed Company Manual exempts limited partnerships from compliance with the following sections of the Manual: Section 303A.01 (board must have a majority of independent directors), 303A.04 (corporate governance committee must have only independent directors as its members and must have a charter that addresses, among other things, the committee's purpose and responsibilities), and 303A.05 (compensation committee must have only independent directors as its members and must have a charter that addresses, among other things, the committee's purpose and responsibilities). Holding is a limited partnership (as is AllianceBernstein). In addition, because the General Partner is a subsidiary of AXA, and the General Partner controls Holding (and AllianceBernstein), we believe we also would qualify for the "controlled company" exemption. Notwithstanding the foregoing, we comply voluntarily with the charter requirements set forth in Sections 303A.04 and 303A.05.

Our Corporate Governance Guidelines ("**Guidelines**") promote the effective functioning of the Board and its committees, promote the interests of the Partnerships' respective Unitholders (with appropriate regard to the Board's duties to the sole stockholder of the General Partner), and set forth a common set of expectations as to how the Board, its various committees, individual directors and management should perform their functions. The Guidelines may be found in the "Management & Governance" section of our Internet Site.

The Governance Committee is responsible for considering any request for a waiver under the Code of Business Conduct and Ethics, the Item 406 Code, the AXA Group Compliance and Ethics Guide, and the AXA Financial Policy Statement on Ethics from any director or executive officer of the General Partner. No such waiver has been granted to date and, if a waiver is granted in the future, such waiver would be described in the "Management & Governance" section of our Internet Site.

[Table of Contents](#)

Our Internet Site, under the heading “Meet our Directors”, provides an e-mail address for any interested party, including Unitholders, to communicate with the Board. Our Corporate Secretary reviews e-mails sent to that address and has some discretion in determining how or whether to respond, and in determining to whom such e-mails should be forwarded. In our experience, substantially all of the e-mails received are ordinary client requests for administrative assistance that are best addressed by management, or solicitations of various kinds.

The 2013 Certification by our Chief Executive Officer under NYSE Listed Company Manual Section 303A.12(a) was submitted to the NYSE on February 19, 2013.

Certifications by our Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 have been furnished as exhibits to this Form 10-K.

Holding Unitholders and AllianceBernstein Unitholders may request a copy of any committee charter, the Guidelines, the Code of Business Conduct and Ethics, and the Item 406 Code by contacting our Corporate Secretary. The charters and memberships of the Executive, Audit, Governance and Compensation Committees may be found in the “Management & Governance” section of our Internet Site.

Fiduciary Culture

We maintain a robust fiduciary culture and, as a fiduciary, we place the interests of our clients first and foremost. We are committed to the fair and equitable treatment of all our clients, and to compliance with all applicable rules and regulations and internal policies to which our business is subject. We pursue these goals through education of our employees to promote awareness of our fiduciary obligations, incentives that align employees’ interests with those of our clients, and a range of measures, including active monitoring, to ensure regulatory compliance. Specific steps we have taken to help us achieve these goals include:

- establishing two committees, the Code of Ethics Oversight Committee (“**Ethics Committee**”) and the Internal Compliance Controls Committee (“**Compliance Committee**”), composed of our executive officers and other senior executives to oversee and resolve code of ethics and compliance-related issues;
- creating an ombudsman office, where employees and others can voice concerns on a confidential basis;
- initiating firm-wide compliance and ethics training programs; and
- appointing a Conflicts Officer and establishing a Conflicts Committee to identify and mitigate conflicts of interest.

The Ethics Committee oversees all matters relating to issues arising under our Code of Business Conduct and Ethics. The Ethics Committee meets on a quarterly basis and at such other times as circumstances warrant. The Ethics Committee and its subcommittee, the Personal Trading Subcommittee, have oversight of personal trading by our employees.

The Compliance Committee reviews compliance issues throughout our Company, endeavors to develop solutions to those issues as they may arise from time to time, and oversees implementation of those solutions. The Compliance Committee meets on a quarterly basis and at such other times as circumstances warrant.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires directors of the General Partner and executive officers of the Partnerships, and persons who own more than 10% of the Holding Units or AllianceBernstein Units, to file with the SEC initial reports of ownership and reports of changes in ownership of Holding Units or AllianceBernstein Units. To the best of our knowledge, during 2013, we complied with all Section 16(a) filing requirements relating to Holding and AllianceBernstein, except a Form 4 for each of Messrs. Schoen and Weinreich was filed late (each Form 4 related to the equity compensation awarded to each such director in September 2013 in connection with the commencement of his service on the Board). Our Section 16 filings can be found under “Investor & Media Relations” / “Reports & SEC Filings” on our Internet Site.

Item 11. Executive Compensation

Compensation Discussion and Analysis (“CD&A”)

Overview of Compensation Philosophy and Goals

The intellectual capital of our employees is collectively the most important asset of our firm. We invest in people—we hire qualified people, train them, encourage them to give their best thinking to the firm and our clients, and compensate them in a manner designed to motivate and retain them. As a result, the costs of employee compensation and benefits are significant, comprising approximately 51.6% of our operating expenses and representing approximately 41.6% of our net revenues (48.7% of our adjusted net revenues, *as defined below in “Overview of 2013 Incentive Compensation Program”*), for 2013. Although these percentages are not unusual for companies in the financial services industry, the magnitude of these costs requires that they be monitored by management, and overseen by the Board, with particular attention by the Compensation Committee.

We believe that the quality, skill and dedication of our executives are critical to enhancing the long-term value of our company. Our key compensation goals include the following:

- attracting, motivating and retaining highly-qualified executive talent;
- providing rewards for the past year’s performance;
- providing incentives for future performance; and
- aligning our executives’ long-term interests with those of our clients and Unitholders.

We believe that success in achieving good results for the firm, and for our Unitholders, flows from achieving investment success for our clients. We are focused on ensuring that our compensation practices are competitive with industry peers and provide sufficient potential for wealth creation for our executives and employees, which we believe will enable us to meet our compensation goals.

Compensation Elements for Executive Officers

We utilize a variety of compensation elements to achieve the goals *described above*, including base salary, annual short-term incentive compensation awards (cash bonuses), a long-term incentive compensation award program and a defined contribution plan, each of which we discuss in detail below:

Base Salaries

Base salaries comprise a relatively small portion of our executives’ total compensation and are maintained at levels generally lower than the salaries of executives at peer firms. Within the narrow range of base salaries paid to our executives, we consider individual experience, responsibilities and tenure with the firm.

Annual Short-term Incentive Compensation Awards (Cash Bonuses)

Annual cash bonuses, which generally reflect individual performance and the firm’s current year financial performance, provide a shorter-term incentive to remain through year end because such bonuses typically are paid during the last week of the year.

In 2013, we paid annual cash bonuses in late December. These bonuses were based on management’s evaluation (subject to the Compensation Committee’s review and approval) of each executive’s performance during the year, and the performance of the executive’s business unit or function, compared to business and operational goals established at the beginning of the year, and in the context of the firm’s current year financial performance. For more information regarding the factors considered when determining cash bonuses to executives, *see “Factors Considered When Determining Executive Compensation” in this Item 11.*

Long-term Incentive Compensation Awards

Long-term incentive compensation awards generally are denominated in restricted Holding Units. We employ this structure to directly align our executives’ long-term interests with the interests of our Unitholders while also indirectly aligning our executives’ long-term interests with the interests of our clients, as strong performance for our clients generally contributes directly to increases in assets under management and thus improved financial performance for the firm.

In 2013, we granted annual long-term incentive compensation awards in December to eligible employees to supplement cash bonuses and to encourage retention of our executives. These awards are made pursuant to the Incentive Compensation Program, an unfunded, non-qualified incentive compensation plan, and, when the award is Holding Unit-based, the 2010 Plan, our equity compensation plan.

The restricted Holding Units granted pursuant to long-term incentive compensation awards generally vest ratably over four years. Since 2011, we have provided our employees, except certain members of senior management, with the opportunity to diversify their long-term incentive compensation awards by allocating up to 50% of their awards to cash, up to a maximum cash amount of \$250,000 (“**Deferred Cash**”). Each of our employees who was based outside of the United States (other than expatriates) who received a 2013 award of \$100,000 or less could have allocated up to 100% of his or her award to Deferred Cash. The portion of an award allocated to Deferred Cash is subject to the same multi-year vesting periods (generally, four years) as the portion of the award allocated to Holding Units.

Award recipients who resign or are terminated without cause continue to vest in their long-term incentive compensation awards if the award recipients comply with certain agreements and restrictive covenants set forth in the applicable award agreement, including restrictions on competition, employee and client solicitation, and a claw-back for failing to follow existing risk management policies. As such, for accounting purposes, there is no employee service requirement and awards are fully expensed when granted. (As used in this Item 11, “vest” refers to the time at which the awards are no longer subject to forfeiture for breach of these restrictions or risk management policies, which we *discuss further below in “Consideration of Risk Matters in Determining Compensation”*.)

Withdrawals prior to vesting are not permitted. Upon vesting, awards are distributed to participants unless the award recipient has, in advance, voluntarily elected to defer receipt to future periods. Quarterly cash distributions on vested and unvested restricted Holding Units are paid currently to award recipients. If Deferred Cash is elected, interest accrues monthly based on our monthly weighted average cost of funds and is credited to the award recipient annually. Our cost of funds during 2013 was approximately 0.3%, representing a nominal return.

Defined Contribution Plan

U.S. employees of AllianceBernstein (including our named executive officers, *as defined below in “Factors Considered When Determining Executive Compensation”*) are eligible to participate in the Profit Sharing Plan for Employees of AllianceBernstein L.P. (as amended and restated as of January 1, 2010, “**Profit Sharing Plan**”), a tax-qualified retirement plan. The Compensation Committee determines the amount of company contributions (both the level of annual matching by the firm of an employee’s pre-tax salary deferral contributions and the annual company profit sharing contribution).

For 2013, the Compensation Committee determined that employee deferral contributions would be matched on a one-to-one basis up to five percent of eligible compensation and there would be no profit sharing contribution.

Consideration of Risk Matters in Determining Compensation

We have considered whether our compensation practices encourage unnecessary or excessive risk-taking and whether any risks arising from our compensation practices are reasonably likely to have a material adverse effect on our company. For the reasons *set forth below*, we have determined that our current compensation practices do not incentivize, and actually discourage, our employees from engaging in unnecessary or excessively risky activities. Accordingly, we have concluded that our compensation practices do not create risks that are reasonably likely to have a material adverse effect on our company.

In our effort to foster the spirit of partnership among our employees and to better align their interests with those of our Unitholders and our clients, eligible employees receive at least half of their long-term incentive compensation awards in the form of restricted Holding Units, with multi-year vesting periods (*as described above*, generally, four years). Our Chairman and Chief Executive Officer firmly believes that compensating key employees with equity ownership fosters a true partnership community, one that will help us grow and achieve our firm’s goals. We believe that as our employees become more focused on partnering with each other to achieve our firm’s overall goals, they will serve as checks and balances on each other in assessing risk and performance.

As described above in “Compensation Elements for Executive Officers – Long-term Incentive Compensation Awards” in this Item 11, our approach to long-term incentive compensation is designed to reflect the firm’s current year and long-term financial performance and the specific performance of each individual employee. The initial amount of an employee’s award is based on the performance of the firm and the employee for the current year. A substantial portion of the award is denominated in Holding Units that are not distributed until subsequent years, so the ultimate value that the employee derives from the award depends on the long-term performance of the firm. Denominating a substantial portion of the award in Holding Units and deferring their delivery also sensitizes employees to risk outcomes and discourages them from taking excessive risks that could lead to a decrease in the value of the Holding Units. Furthermore, *and as noted above*, generally all outstanding long-term incentive compensation awards include a provision permitting us to “claw-back” the unvested portion of an employee’s long-term incentive compensation award (whether denominated in restricted Holding Units or Deferred Cash) if the Compensation Committee determines that (i) the employee failed to follow existing risk management policies and (ii) as a result of the employee’s failure, there has been or reasonably could be expected to be a material adverse impact on our firm or the employee’s business unit.

Overview of 2013 Incentive Compensation Program

In 2013, employees with total compensation in excess of \$200,000 received a portion of their incentive compensation in the form of an annual cash bonus and a portion in the form of long-term incentive compensation (*as described above*, at least 50% of which must have been allocated to restricted Holding Units). The split between the annual cash bonus and long-term incentive compensation varied depending on the eligible employee’s total compensation, with lower-paid employees receiving a greater percentage of their incentive compensation as cash bonuses than more highly-paid employees. (For additional information about these compensatory elements, *see “Compensation Elements for Executive Officers” in this Item 11*.)

[Table of Contents](#)

Although estimates are developed for budgeting and strategic planning purposes, incentive compensation is not correlated with meeting any specific targets (except that some of our salespeople have compensation incentives based on sales levels). Instead, the aggregate amount of incentive compensation generally is determined on a discretionary basis and is primarily a function of our firm's current year financial performance. Amounts are awarded to help us achieve our goal of attracting, motivating and retaining top talent while also helping ensure that our Unitholders receive an appropriate return on their investment.

Senior management, with the approval of the Compensation Committee, confirmed that the appropriate metric to consider in determining the amount of incentive compensation for 2013 is the ratio of adjusted employee compensation and benefits expense to adjusted net revenues, each of which is described immediately below:

- Adjusted net revenues (see our discussion of "Management Operating Metrics" in Item 7) exclude investment gains and losses and dividends and interest on employee long-term incentive compensation-related investments and 90% of the investment gains and losses of our consolidated venture capital fund attributable to non-controlling interests. In addition, adjusted net revenues offset distribution-related payments to third parties as well as amortization of deferred sales commissions against distribution revenues. We also exclude from adjusted net revenues additional pass-through expenses we incur (primarily through our transfer agent) that are reimbursed and recorded as fees in revenues.
- Adjusted employee compensation and benefits expense is total employee compensation and benefits expense minus other employment costs such as recruitment, training, temporary help and meals, and excludes the impact of mark-to-market vesting expense, as well as dividends and interest expense, associated with employee long-term incentive compensation-related investments.

In 2013, senior management, with the approval of the Compensation Committee, also confirmed that the firm's adjusted employee compensation and benefits expense should not exceed 50% of our adjusted net revenues, except in unexpected or unusual circumstances. As the table below indicates, in 2013, adjusted employee compensation and benefits expense amounted to approximately 48.7% of adjusted net revenues (in thousands):

Net Revenues	\$ 2,915,047
Adjustments (see above)	(522,878)
Adjusted Net Revenues	\$ 2,392,169
Employee Compensation & Benefits Expense	\$ 1,212,011
Adjustments (see above)	(46,156)
Adjusted Employee Compensation & Benefits Expense	\$ 1,165,855
Adjusted Compensation Ratio⁽¹⁾	48.7%

(1) For the year ended December 31, 2013, the adjusted compensation ratio included incremental compensation expense recognized during each quarter of 2013 attributable to the restricted Holding Unit award granted to our Chief Executive Officer pursuant to his extended employment agreement dated as of June 21, 2012 (discussed below in "Overview of Our Chief Executive Officer's Compensation" in this Item 11, "Extended Employment Agreement"). See our discussion of "Employee Compensation and Benefits" in Item 7 and Note 17 to our consolidated financial statements in Item 8 for information about the accounting impact associated with the Extended Employment Agreement.

Our 2013 adjusted compensation ratio of approximately 48.7% reflects the need to keep compensation levels competitive with industry peers in order to attract, motivate and retain highly-qualified executive talent. Senior management, in 2013, retained McLagan Partners ("McLagan") to provide compensation benchmarking data ("McLagan Data"), which data summarized compensation levels for 2012 at selected asset management companies and banks comparable to ours in terms of size and business mix ("Comparable Companies"), to assist in determining the appropriate level of compensation for the firm's executives (see "Factors Considered When Determining Executive Compensation" immediately below for the list of Comparable Companies). The Compensation Committee considered this information in concluding that the compensation levels paid in 2013 to our named executive officers were appropriate and reasonable. See "Factors Considered When Determining Executive Compensation" immediately below for more information pertaining to the McLagan Data.

Factors Considered When Determining Executive Compensation

Decisions about executive compensation are based primarily on our assessment of each executive's leadership, operational performance and potential to enhance investment returns and service for our clients, all of which contribute to long-term Unitholder value. We do not utilize quantitative formulas when determining the compensation of our Chief Executive Officer ("CEO"), our Chief Financial Officer ("CFO") and our other three most highly-compensated executive officers (together with the CEO and CFO, "named executive officers"), but rather rely on our judgment about each executive's performance in light of business and operational goals established at the beginning of the year and whether each particular payment or award provides an appropriate reward for the executive officer's and the firm's current year performance. We begin this process, which is conducted by the CEO working with other members of senior management, by determining the total incentive compensation amounts available for a particular year (as more fully explained above in "Overview of 2013 Incentive Compensation Program").

[Table of Contents](#)

We then consider a number of key factors for each of the named executive officers (other than Mr. Kraus, our CEO, whose compensation is described below in “Overview of Our Chief Executive Officer’s Compensation”). Because specific factors will vary among business units, among individuals and during different business cycles, we do not adopt any specific weighting or formula under which these metrics are applied. Key factors we consider include:

- the firm’s financial performance in the current year;
- the firm’s strategic and operational considerations;
- total compensation paid to the named executive officer in the previous year;
- the increase or decrease in the current year’s total incentive compensation amounts available;
- the named executive officer’s performance compared to individual business and operational goals established at the beginning of the year;
- the nature, scope and level of responsibilities of the named executive officer;
- the contribution of the named executive officer to our overall financial results; and
- the named executive officer’s management effectiveness, talent development, contribution to our firm’s fiduciary culture in which clients’ interests are paramount, and adherence to risk management and regulatory compliance.

In 2013, as noted above in “Overview of 2013 Incentive Compensation Program”, we also considered the McLagan Data when determining the total compensation of our named executive officers, which data provided ranges of compensation levels at the Comparable Companies for executive positions similar to those held by our named executive officers, including salary, total cash compensation and total compensation. The McLagan Data indicated that the total compensation paid to our named executive officers in 2013 fell within or below the ranges of total compensation paid to executives at the Comparable Companies. The Comparable Companies, which management selected with input from McLagan, included Bank of America Merrill Lynch, Barclays Capital Group, BlackRock, Credit Suisse, Deutsche Bank, Franklin Templeton, Goldman Sachs & Co., Goldman Sachs Asset Management, Invesco Plc, JPMorgan Asset Management, JPMorgan Chase, Morgan Stanley, Morgan Stanley Investment Management, Nomura Securities, PIMCO Advisors, T. Rowe Price Associates, UBS and The Vanguard Group.

We then provided specific incentive compensation recommendations to the Compensation Committee, which recommendations were supported by the factors listed above. We also provided the Compensation Committee with the McLagan Data, which was not used in a formulaic or mechanical way to determine named executive officer compensation levels, but rather, as noted immediately above, provided the Compensation Committee with compensation levels paid to executives at the Comparable Companies. The Compensation Committee then made the final incentive compensation decisions.

We have described in the table below the business and operational goals established at the beginning of 2013 for our named executive officers (other than Mr. Kraus) and their achievements during 2013:

Named Executive Officer	2013 Business and Operational Goals	2013 Goals Achieved
James A. Gingrich Chief Operating Officer	<ul style="list-style-type: none"> - increase operating efficiency; - optimize retail, institutional and private client strategy and sales efforts; - enhance planning and organizational processes; - optimize revenue and profitability of Bernstein Research Services; - foster a culture of meritocracy, empowerment and accountability among business leaders; and - recruit and retain top talent. 	<ul style="list-style-type: none"> - reduced operating costs significantly compared to 2012; - made additional progress to right-size our firm’s real estate footprint; - increased operating margins; - implemented processes and metrics to better manage costs; - improved client flows in most channels and geographies; - helped recruit new personnel in several key positions; - negotiated and helped complete the W.P. Stewart acquisition; and - helped improve Bernstein Research Services revenues and margins.
Robert P. van Brugge Chairman and CEO, SCB LLC	<ul style="list-style-type: none"> - optimize the revenue and profit contribution of Bernstein Research Services; - further enhance this unit’s research capabilities, trading services and product array; - extend this unit’s geographic platform; and - attract, motivate and retain top talent. 	<ul style="list-style-type: none"> - increased Bernstein Research Services profitability; - achieved excellent results in third-party research surveys; and - made significant progress in expanding the business in Asia.

Table of Contents

Named Executive Officer	2013 Business and Operational Goals	2013 Goals Achieved
<p>Lori A. Massad Head of Human Capital and Chief Talent Officer</p>	<ul style="list-style-type: none"> - solidify the firm’s culture of “relentless ingenuity”; - redesign our U.S. medical benefit programs; - assess progress in strengthening employee engagement; and - enhance our firm’s diversity initiatives, including fostering an environment in which diverse talent thrives and progresses. 	<ul style="list-style-type: none"> - facilitated culture forums between senior leaders and employees across regions; - established new competency models that support and align with the firm’s culture of relentless ingenuity; - redesigned our U.S. medical benefit plans to address the challenges of rising health care costs while maintaining competitive benefits; - introduced a comprehensive education program to U.S. employees to help them understand the new medical plans; - identified employee engagement issues through a global survey and began pursuing initiatives to address those issues; and - developed diversity programs to create a more inclusive work environment and encourage diverse talent.
<p>John C. Weisenseel Chief Financial Officer</p>	<ul style="list-style-type: none"> - focus on improving the firm’s adjusted operating margin with a particular emphasis on reducing the firm’s cost structure, including its global real estate footprint; - ensure adherence to internal control structure and financial reporting standards; - help evaluate and support new business development opportunities; - enhance internal financial reporting, including an increased focus on management operating metrics, to provide more useful information to senior management; and - identify and develop the next generation of leaders in the Finance and Administrative Services Departments. 	<ul style="list-style-type: none"> - improved adjusted operating margin with a particular emphasis on reducing the firm’s cost structure pertaining to various general and administrative services expense items; - reduced further the firm’s real estate footprint by approximately 500,000 square feet, which generated annual savings of more than \$40 million; - maintained active dialogues with the investment community and credit rating agencies; - provided accounting and tax guidance in structuring new business opportunities and assisted with related integration; - identified improvements to internal financial reporting to enhance transparency and accountability of senior business leaders; and - added senior leaders to the Finance team and reorganized the Finance and Administrative Services Departments to provide better client service within our firm.

As indicated in the table above, each of the named executive officers included in the table successfully achieved his or her goals in 2013. The compensation of each of these named executive officers reflected Mr. Kraus’s and the Compensation Committee’s judgment in assessing the importance of his or her achievements to our firm’s financial results.

Overview of Our Chief Executive Officer's Compensation

During 2013, Peter S. Kraus was compensated based on the terms set forth in his employment agreement (“**Kraus Employment Agreement**”), pursuant to which he served as Chairman of the Board of Directors of the General Partner and CEO of the General Partner, AllianceBernstein and Holding from December 19, 2008 to January 2, 2014 (“**Employment Term**”). Mr. Kraus will continue to serve in these roles pursuant to his extended employment agreement dated as of June 21, 2012 (“**Extended Employment Agreement**” and, together with the Kraus Employment Agreement, the “**Kraus Employment Agreements**”), which has a term that runs from January 3, 2014 until January 2, 2019 (the “**Extended Employment Term**”), unless the Extended Employment Agreement is terminated in accordance with its terms. Although the Extended Employment Term did not begin until January 3, 2014, certain provisions of the Extended Employment Agreement became effective on June 21, 2012, the date the agreement was signed, including those provisions *summarized below* relating to the 2,722,052 restricted Holding Units Mr. Kraus was awarded pursuant to the Extended Employment Agreement (“**Additional Grant**”) and termination of employment.

Negotiation and Approval of the Kraus Employment Agreements

The terms of the Kraus Employment Agreement were the result of arm's-length negotiations between Mr. Kraus and a member of the Compensation Committee. These terms (*which are described in detail below*), including the compensation elements, were discussed and approved by the Compensation Committee and the full Board on December 19, 2008 and reflected their decision to structure the allocation of Mr. Kraus's compensation heavily toward a grant of restricted Holding Units. In addition, the Board, when it reviewed and approved the Kraus Employment Agreement, considered compensation benchmarking data from McLagan, which data indicated that Mr. Kraus's compensation arrangement was fully competitive, reasonable and appropriate given our size, scope and complexity, and Mr. Kraus's experience, credentials and proven track record.

The terms of the Extended Employment Agreement also were the result of arm's-length negotiations between Mr. Kraus, members of the Compensation Committee, who discussed this matter during four Special Meetings of the Compensation Committee, and other members of the Board. In addition, the Compensation Committee considered comparative compensation benchmarking data from Johnson Associates, Inc. (“**Johnson**”), a compensation consultant engaged by the Compensation Committee, which data summarized CEO compensation levels for 2011 at selected asset management companies and banks comparable to ours in terms of size and business mix. This data provided ranges of compensation levels for CEOs at these companies, including salary, cash bonus, total cash compensation and total compensation. In addition, this data indicated that the compensation terms for Mr. Kraus set forth in the Extended Employment Agreement were fully competitive and consistent with industry standards given our size, scope and complexity, the importance of CEO continuity, Mr. Kraus's experience and integral role in the ongoing execution of our firm's long-term growth strategy, and the allocation of Mr. Kraus's compensation more heavily to restricted equity. The comparable companies, which management selected with input from Johnson, included Affiliated Managers, Ameriprise Financial, Bank of New York Mellon, BlackRock Financial Management, Credit Suisse Asset Management, Eaton Vance, Federated Investors, Franklin Resources, Invesco Plc, Janus Capital Group, JPMorgan Asset Management, Lazard, Legg Mason, Morgan Stanley, Northern Trust Corp., State Street and T. Rowe Price Associates.

The Compensation Committee and the Executive Committee, based on the Johnson data and other inquiry as needed, decided to structure the allocation of Mr. Kraus's compensation under the Extended Employment Agreement heavily toward the Additional Grant. For information regarding the Executive Committee, see “*Committees of the Board*” in *Item 10*.

Compensation Elements

Base Salary

Mr. Kraus was paid an annual base salary of \$275,000 throughout the Employment Term. The \$275,000 base salary was in line with our firm's policy generally to keep base salaries of executives and other highly-compensated employees low in relation to total compensation.

Mr. Kraus's annual base salary under the Extended Employment Agreement originally was also \$275,000, subject to increase by the Compensation Committee. Effective January 1, 2014, the Compensation Committee approved an increase in Mr. Kraus's annual base salary to \$400,000. This amount is equal to the annual base salary paid to our executives generally and continues to be in line with our firm's policy to keep base salaries of executives and other highly-compensated employees low in relation to total compensation.

Cash Bonuses

Mr. Kraus, pursuant to the Kraus Employment Agreement, was paid a \$6 million cash bonus in 2009, which represented the amount that Mr. Kraus and the Board agreed represented a reasonable and appropriate short-term financial inducement for Mr. Kraus to join AllianceBernstein based on the factors *listed above* in “*Negotiation and Approval of the Kraus Employment Agreements*” and reflected the significant uncertainty surrounding the level of 2009 quarterly cash distributions on Holding Units when he was hired (*see “Restricted Holding Units” immediately below*); it most directly reflects the company's goal of attracting highly-qualified executive talent.

Table of Contents

Mr. Kraus did not receive a cash bonus in 2010, 2011, 2012 or 2013, nor is he entitled to receive a cash bonus during the Extended Employment Term. Any future cash bonus to Mr. Kraus is entirely in the discretion of the Compensation Committee.

Restricted Holding Units

Mr. Kraus was granted 2,722,052 restricted Holding Units (“**Restricted Holding Unit Grant**”) when he began his tenure as our firm’s CEO on December 19, 2008. The Restricted Holding Unit Grant vested ratably on each of the first five anniversaries of December 19, 2008, commencing December 19, 2009. In connection with the Extended Employment Agreement, AllianceBernstein amended the Kraus Employment Agreement to permit Mr. Kraus to defer the delivery of the last tranche of the Restricted Holding Unit Grant remaining to be delivered under the Kraus Employment Agreement. As a result, 544,410 restricted Holding Units that vested on December 19, 2013 will be delivered to Mr. Kraus on the earlier of December 19, 2018, Mr. Kraus’s death and the date on which a change in control of AllianceBernstein occurs. Mr. Kraus will continue to receive distributions on these Holding Units until such delivery.

The Restricted Holding Unit Grant’s five-year vesting schedule provided Mr. Kraus with a strong incentive to remain with our firm throughout the Employment Term and to cause our firm to have strong financial performance during each of those five years. The size of the Restricted Holding Unit Grant, which had a value of approximately \$52 million based on the market price of a Holding Unit on December 19, 2008, reflected the determination by Mr. Kraus and the Board that this was a reasonable and appropriate amount of long-term incentive compensation in view of Mr. Kraus’s expertise and experience, his past compensation, the compensation of his predecessor and the compensation of other chief executive officers of comparable asset management companies.

During the Employment Term, Mr. Kraus was paid the cash distributions payable with respect to his unvested restricted Holding Units and a dollar amount equal to the cash distributions payable with respect to any Holding Units that were withheld by AllianceBernstein to cover Mr. Kraus’s tax withholding obligations as the Holding Units vested (“**Withheld Units**”). These cash distributions were paid at the time distributions are made to Holding Unitholders generally. As specified in the Kraus Employment Agreement, no cash distributions with a record date following December 19, 2013 will be payable to Mr. Kraus with respect to the Withheld Units.

Mr. Kraus was awarded the Additional Grant on June 21, 2012, when he signed the Extended Employment Agreement. The size of the Additional Grant, which had a value of approximately \$33 million based on the market price of a Holding Unit on June 21, 2012, reflected the determination by Mr. Kraus and the Board that this was a reasonable and appropriate amount of long-term incentive compensation in view of Mr. Kraus’s expertise and experience, his past compensation, and the compensation of other chief executive officers of the comparable asset management companies *described above in “Negotiation and Approval of the Kraus Employment Agreements”*.

Subject to accelerated vesting clauses in the Extended Employment Agreement (*e.g.*, immediate vesting upon a “change in control” of our firm, *as discussed in detail below*), the Additional Grant will vest ratably on each of the first five anniversaries of December 19, 2013, commencing December 19, 2014, provided, with respect to each installment, Mr. Kraus continues to be employed by AllianceBernstein on the vesting date. However, Mr. Kraus has elected to delay delivery of all of the restricted Holding Units until December 19, 2018, the final vesting date, subject to acceleration upon a “change in control” of our firm and certain qualifying events of termination of employment (*see “Terms relating to Change in Control and Termination of Employment” below*).

During the Extended Employment Term, Mr. Kraus will be paid the cash distributions payable with respect to his unvested and vested restricted Holding Units until the Holding Units are delivered or forfeited. These cash distributions will be paid at the time distributions are made to Holding Unitholders generally.

AllianceBernstein had no commitment to grant Mr. Kraus additional equity-based awards during the Employment Term, nor is AllianceBernstein committed to grant any additional equity-based awards to Mr. Kraus during the Extended Employment Term (with any additional equity-based awards entirely in the discretion of the Compensation Committee). Accordingly, during the terms of the Kraus Employment Agreements, the totality of Mr. Kraus’s compensation (other than his salary) was and, absent any additional awards the Compensation Committee may choose to grant, will be dependent on the level of cash distributions on the restricted Holding Units granted to Mr. Kraus and the evolution of the trading price of Holding Units, both of which are partially dependent on the financial and operating results of our firm. Therefore, his long-term interests have been, and will continue to be, directly aligned with the interests of our Unitholders and also indirectly aligned with the interests of our clients, as strong performance for our clients generally contributes directly to increases in assets under management and, thus, improved financial performance for the firm.

Perquisites and Benefits

Under the Kraus Employment Agreement, Mr. Kraus was entitled to receive the following perquisites and benefits:

- full tax gross-ups by AllianceBernstein with respect to personal air travel on company-owned aircraft;
- personal use of a company car and driver;

[Table of Contents](#)

- following termination of his employment due to death or disability, continued health and welfare benefits (*see note 7 to “Potential Payments upon Termination or Change in Control” table* for additional information); and
- following termination of his employment by AllianceBernstein without cause or by Mr. Kraus for good reason, payments equal to the cost of COBRA coverage for the period for which he is entitled to COBRA.

The terms in the Extended Employment Agreement regarding perquisites and benefits are substantially the same as the comparable terms in the Kraus Employment Agreement, except that, during the Extended Employment Term, Mr. Kraus must reimburse AllianceBernstein for any incremental cost to AllianceBernstein associated with his personal use of company-owned (or company-leased) aircraft. In addition, Mr. Kraus is not entitled to receive tax gross-ups by AllianceBernstein for personal use of such aircraft or personal use of a company car and driver.

Terms relating to Change in Control and Termination of Employment

The Restricted Holding Unit Grant awarded under the Kraus Employment Agreement would have vested immediately upon a “change in control” of our firm. A change in control is defined as:

- AXA ceasing to control the management of AllianceBernstein’s business; or
- Holding ceasing to be publicly traded.

Mr. Kraus negotiated the change-in-control provisions *described immediately above* in order to ensure that AllianceBernstein would continue to be operated as a separately-managed entity, and with a certain degree of independence, and that Holding would continue as a publicly-traded entity. Both AXA and Mr. Kraus believed that this arrangement added significant value to AllianceBernstein. The Board understood that AXA had no intention of changing this arrangement during the Employment Term and, accordingly, concluded that the change-in-control provisions were acceptable and necessary in order to recruit Mr. Kraus.

The Kraus Employment Agreement also provided for the immediate vesting of the next two installments of restricted Holding Units or, if fewer remained as of the termination date, the balance of the installments that were unvested, upon certain qualifying terminations of employment, including termination of Mr. Kraus’s employment:

- by AllianceBernstein without cause, where “cause” includes, among other things:
 - the continued, willful failure by Mr. Kraus to perform substantially his duties with AllianceBernstein after a written demand for substantial performance is delivered to him by the Board;
 - Mr. Kraus’s conviction of, or plea of guilty or *nolo contendere* to, a crime that constitutes a felony;
 - the willful engaging by Mr. Kraus in misconduct that is materially and demonstrably injurious to AllianceBernstein or any of its affiliates;
 - the willful breach by Mr. Kraus of the covenant not to disclose any confidential information pertaining to AllianceBernstein or its affiliates or the covenant not to compete with AllianceBernstein or its affiliates; or
 - Mr. Kraus’s failure to comply with a material written company workplace policy applicable to him, and
- by Mr. Kraus for good reason, where “good reason” generally includes actions taken by AllianceBernstein resulting in a material negative change in Mr. Kraus’s employment relationship, such as:
 - assignment to Mr. Kraus of duties materially inconsistent with his position;
 - any material breach of the Kraus Employment Agreement by AllianceBernstein;
 - a requirement by AllianceBernstein that Mr. Kraus be based at any office or location more than 25 miles commuting distance from company headquarters; or
 - a requirement that Mr. Kraus report to an officer or employee of AllianceBernstein instead of reporting directly to the Board and the CEO of AXA.

In addition, had Mr. Kraus died or become disabled during the Employment Term, Mr. Kraus immediately would have vested in a pro-rated portion of any restricted Holding Units otherwise due to vest on the next vesting date.

Mr. Kraus negotiated the provisions *described immediately above* in order to preserve the value of his long-term incentive compensation arrangement. The Board agreed to these provisions because they were typical of executive compensation agreements for executives at Mr. Kraus’s level and because the Board concluded that they were necessary to recruit Mr. Kraus.

The Board concluded that the change-in-control and termination provisions in the Kraus Employment Agreement fit within AllianceBernstein’s overall compensation objectives because they permitted AllianceBernstein to attract and retain a highly-qualified chief executive officer, were consistent with AXA’s and the Board’s expectations with respect to the manner in which AllianceBernstein and Holding would be operated during Mr. Kraus’s tenure, were consistent with the Board’s expectations that Mr. Kraus would not be terminated without cause and that no steps would be taken that would provide him with the ability to terminate the agreement with good reason (and, thereby, aligning with AllianceBernstein’s goal of providing Mr. Kraus with effective incentives for future performance), and to align his long-term interests with those of AllianceBernstein’s Unitholders and clients.

[Table of Contents](#)

The terms set forth in the Extended Employment Agreement regarding potential payments to Mr. Kraus upon a change in control of AllianceBernstein or a termination of employment are substantially the same as the comparable terms in the Kraus Employment Agreement, except for the terms governing a termination of employment by AllianceBernstein without “cause” or by Mr. Kraus for “good reason”, *as described immediately below*:

- If the Extended Employment Agreement had been terminated for one of these reasons before December 19, 2012, Mr. Kraus would have forfeited the entire Additional Grant.
- If the Extended Employment Agreement had been terminated for one of these reasons after December 19, 2012 but before December 19, 2013, Mr. Kraus immediately would have vested in the installment of restricted Holding Units scheduled to vest on December 19, 2014.
- If the Extended Employment Agreement is terminated for one of these reasons after December 19, 2013, Mr. Kraus immediately will vest in the next two installments of restricted Holding Units or, if fewer remain as of the termination date, the balance of the installments that are unvested.

Compensation Committee

In 2013, the Compensation Committee consisted of Ms. Slutsky and Messrs. Condron (Chair), Duverne, Elliott, Kraus and Smith, until Mr. Smith’s retirement on November 18, 2013. The Compensation Committee held three meetings in 2013.

As discussed in “Corporate Governance—NYSE Governance Matters” in Item 10, Holding, as a limited partnership, is exempt from NYSE rules that require public companies to have a compensation committee composed solely of independent directors. AXA owns, indirectly, an approximate 63.7% economic interest in AllianceBernstein (as of December 31, 2013), and compensation expense is a significant component of our financial results. For these reasons, Mr. Duverne, Deputy Chief Executive Officer of AXA, is a member of the Compensation Committee, and any action taken by the Compensation Committee requires the affirmative vote or consent of an executive officer of one or more of our parent companies. (Presently, Mr. Duverne is the only member of the Compensation Committee who is also an executive officer of one or more of our parent companies.)

The Compensation Committee has general oversight of compensation and compensation-related matters, including:

- determining cash bonuses;
- determining contributions and awards under incentive plans or other compensation arrangements (whether qualified or non-qualified) for employees of AllianceBernstein and its subsidiaries, and amending or terminating such plans or arrangements or any welfare benefit plan or arrangement or making recommendations to the Board with respect to adopting any new incentive compensation plan, including equity-based plans;
- reviewing and approving the compensation of our CEO, evaluating his performance, and determining and approving his compensation level based on this evaluation; and
- reviewing and discussing the CD&A, and recommending to the Board its inclusion in the Partnerships’ Forms 10-K and, when applicable, proxy statements.

The Compensation Committee’s year-end process generally has focused on the cash bonuses and long-term incentive compensation awards granted to senior management. Mr. Kraus plays an active role in the work of the Compensation Committee, but he does not participate in any committee discussions or votes regarding his own compensation. Mr. Kraus, working with other members of senior management, provides recommendations for individual employee awards to the Compensation Committee for its consideration. As part of this process, management provides the committee with compensation benchmarking data from one or more compensation consultants. For 2013, we paid \$17,120 to McLagan for executive compensation benchmarking data and an additional \$245,748 for survey and consulting services relating to the amount and form of compensation paid to employees other than executives.

The Compensation Committee held its regularly-scheduled meeting regarding year-end compensation on December 12, 2013, at which meeting it discussed and approved senior management’s compensation recommendations. The Compensation Committee, at this meeting, also approved an increase in Mr. Kraus’s annual base salary to \$400,000, effective January 1, 2014. The Compensation Committee did not retain its own consultants.

The Compensation Committee’s functions are more fully described in the committee’s charter, which is available online in the “Management & Governance” section of our Internet Site.

Other Compensation-Related Matters

AllianceBernstein and Holding are, respectively, private and public limited partnerships, and are subject to taxes other than federal and state corporate income tax (*see “Structure-related Risks” in Item 1A and Note 19 to our consolidated financial statements in Item 8*). Accordingly, Section 162(m) of the Code, which limits tax deductions relating to executive compensation otherwise available to entities taxed as corporations, is not applicable to either AllianceBernstein or Holding.

Compensation Committee Interlocks and Insider Participation

Mr. Duverne is the Deputy Chief Executive Officer of AXA, the ultimate parent company of the General Partner.

Mr. Condron served as the Chairman of the Board, President and Chief Executive Officer of AXA Equitable, the sole stockholder of the General Partner, until his retirement on January 1, 2011.

Mr. Kraus is Chairman of the Board and Chief Executive Officer of the General Partner and, accordingly, also serves in that capacity for AllianceBernstein and Holding. Mr. Kraus is also a director of AXA Financial, AXA Equitable and MLOA. In addition, Mr. Kraus is a member of the Management Board of AXA. Other than Mr. Kraus, no executive officer of AllianceBernstein served as (i) a member of a compensation committee or (ii) a director of another entity, an executive officer of which served as a member of AllianceBernstein's Compensation Committee or Board.

As of December 31, 2013, AXA and its subsidiaries owned an aggregate 63.7% economic interest in AllianceBernstein.

Compensation Committee Report

The members of the Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis set forth above and, based on such review and discussion, recommended to the Board its inclusion in this Form 10-K.

Christopher M. Condron (Chair)	Denis Duverne
Steven G. Elliott	Peter S. Kraus
Lorie A. Slutsky	

Summary Compensation Table

Total compensation of our named executive officers for 2013, 2012 and 2011, as applicable, is as follows:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards⁽¹⁾⁽²⁾ (\$)	All Other Compensation (\$)	Total (\$)
Peter S. Kraus ⁽³⁾	2013	275,000	—	—	3,168,218	3,443,218
Chairman and CEO	2012	275,000	—	33,127,373	2,634,830	36,037,203
	2011	275,000	—	—	3,982,527	4,257,527
James A. Gingrich	2013	400,000	3,940,000	3,660,000	654,791	8,654,791
Chief Operating Officer	2012	400,000	2,485,000	3,114,993	304,781	6,304,774
	2011	400,000	1,685,000	1,915,000	346,352	4,346,352
Robert P. van Brugge ⁽⁴⁾	2013	400,000	1,565,000	1,285,000	563,175	3,813,175
Chairman and CEO of SCB LLC	2012	389,808	1,490,778	1,609,224	86,237	3,576,047
	2011	375,000	1,470,000	930,002	356,910	3,131,912
Lori A. Massad ⁽⁵⁾	2013	400,000	940,000	660,000	177,131	2,177,131
Head of Human Capital and Chief Talent Officer	2012	400,000	805,000	595,006	128,851	1,928,857
John C. Weisenseel ⁽⁶⁾	2013	375,000	710,000	440,000	116,180	1,641,180
CFO	2012	229,327	755,050	1,244,969	40,207	2,269,553

- (1) The figures in the “Stock Awards” column provide the aggregate grant date fair value of the awards calculated in accordance with FASB ASC Topic 718. For the assumptions made in determining these values, *see Note 17 to our consolidated financial statements in Item 8.*
- (2) *See “Grants of Plan-Based Awards in 2013” in this Item 11* for information regarding the 2013 long-term incentive compensation awards granted to our named executive officers.
- (3) Mr. Kraus’s compensation structure is set forth in the Kraus Employment Agreements, the terms of which are *described in “Overview of Our Chief Executive Officer’s Compensation” in this Item 11.*
- (4) *See “Non-Qualified Deferred Compensation for 2013” in this Item 11* for information regarding the \$250,000 portion of Mr. van Brugge’s 2011 long-term incentive compensation award under the Incentive Compensation Program that he elected to allocate to Deferred Cash.
- (5) We have not provided 2011 compensation for Ms. Massad because she was not a named executive officer for 2011.
- (6) Mr. Weisenseel joined our firm as Chief Financial Officer in May 2012.

See “Outstanding Equity Awards at 2013 Fiscal Year-End” in this Item 11 for information regarding the restricted Holding Units awarded to Mr. Weisenseel in connection with his recruitment and as replacement equity for awards he forfeited by leaving McGraw Hill.

See “Non-Qualified Deferred Compensation for 2013” in this Item 11 for information regarding the \$100,050 portion of Mr. Weisenseel’s 2012 long-term incentive compensation award under the Incentive Compensation Program that he elected to allocate to Deferred Cash.

The “All Other Compensation” column above includes the aggregate incremental cost to our company of certain other expenses and perquisites, including leased car and driver expenses, contributions to the Profit Sharing Plan, life insurance premiums, medical and dental coverage, financial planning, and tax services and tax gross-ups, as applicable.

For 2013, the “All Other Compensation” column includes:

For Mr. Kraus, \$2,624,886 for quarterly distributions related to his Restricted Holding Unit Grant (\$865,612 of which was paid on Holding Units Mr. Kraus owned and \$1,759,274 of which was paid on Withheld Units), \$231,354 for personal use of aircraft, \$187,360 for personal use of a car and driver (including lease costs (\$15,586), driver compensation (\$149,000) and other car-related costs (\$22,774), such as parking, gas, tolls, and repairs and maintenance), \$111,868 for gross-ups related to imputed income for personal use of aircraft and car, and a \$12,750 contribution to the Profit Sharing Plan.

[Table of Contents](#)

for Mr. Gingrich, \$640,235 for quarterly distributions on Holding Units awarded as long-term incentive compensation (\$527,365 of which was paid on unvested Holding Units and \$112,870 of which was paid on vested Holding Units, the delivery of which Holding Units Mr. Gingrich, in advance, elected to defer to future periods), a \$12,750 contribution to the Profit Sharing Plan and \$1,806 of life insurance premiums.

for Mr. van Brugge, \$270,948 for quarterly distributions on Holding Units awarded as long-term incentive compensation, a \$12,750 contribution to the Profit Sharing Plan, \$20,000 for financial planning services, \$255,327 for gross-ups related to imputed income for tax payments made on his behalf related to his assignment in the U.K. during 2009 and 2010, \$3,520 for tax preparation services and \$630 of life insurance premiums.

for Ms. Massad, \$143,751 for quarterly distributions on Holding Units awarded as long-term incentive compensation, \$20,000 for financial planning services, a \$12,750 contribution to the Profit Sharing Plan, and \$630 of life insurance premiums.

for Mr. Weisenseel, \$102,533 for quarterly distributions on Holding Units awarded as long-term incentive compensation, a \$12,750 contribution to the Profit Sharing Plan and \$897 of life insurance premiums.

During 2013, we leased two aircraft to facilitate business travel of senior management with an aggregate operating cost of \$6,709,864 (including \$2,171,736 in leasing costs, \$2,188,272 in maintenance fees and \$2,349,856 in usage fees). In 2013, we permitted Mr. Kraus to use the aircraft for personal travel. His personal travel constituted approximately 8.8% of our actual use of the aircraft in 2013.

Our methodology for determining the reported value of personal use of aircraft includes fees paid to the managers of the aircraft (fees take into account the aircraft type and weight, number of miles flown, flight time, number of passengers, and a variable fee), but excludes our leased aircraft operating costs discussed above.

We use the Standard Industry Fare Level (“SIFL”) methodology to calculate the amount to include in the taxable income of executives for the personal use of company-owned aircraft. Using the SIFL methodology, which was approved by our Compensation Committee, limits our ability to deduct the full cost of personal use of company-owned aircraft by our executive officers. Taxable income for the 12 months ended October 31, 2013 for personal use imputed to Mr. Kraus is \$69,604.

Grants of Plan-based Awards in 2013

Grants of awards under the 2010 Plan, our equity compensation plan, during 2013 made to our named executive officers are as follows:

Name	Grant Date	All Other Stock Awards:	
		Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock Awards (\$)
Peter S. Kraus	—	—	—
James A. Gingrich ⁽¹⁾	12/12/2013	168,897	3,660,000
Robert P. van Brugge ⁽¹⁾	12/12/2013	59,299	1,285,000
Lori A. Massad ⁽¹⁾	12/12/2013	30,457	660,000
John C. Weisenseel ⁽¹⁾	12/12/2013	20,305	440,000

⁽¹⁾ As discussed above in “Overview of 2013 Incentive Compensation Program” and “Compensation Elements for Executive Officers—Long-term Incentive Compensation” in this Item 11, long-term incentive compensation awards generally are denominated in restricted Holding Units. The 2013 long-term incentive compensation awards granted to our named executive officers under the Incentive Compensation Program and the 2010 Plan are shown in the “All Other Stock Awards” column of this table, the “Stock Awards” column of the Summary Compensation Table and the “Holding Unit Awards” columns of the Outstanding Equity Awards at 2013 Fiscal Year-End Table.

In 2013, the number of restricted Holding Units comprising long-term incentive compensation awards was based on the closing price of a Holding Unit as reported for NYSE composite transactions on December 12, 2013, the date on which the Compensation Committee approved the awards.

Outstanding Equity Awards at 2013 Fiscal Year-End

Outstanding equity awards held by our named executive officers as of December 31, 2013 are as follows:

Name	Option Awards				Holding Unit Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Peter S. Kraus ⁽¹⁾	—	—	—	—	2,722,052	58,088,590
James A. Gingrich ⁽²⁾⁽³⁾	210,826	52,707	17.05	1/23/19	377,965	8,065,773
Robert P. van Brugge ⁽⁴⁾	—	—	—	—	165,938	3,541,117
Lori A. Massad ⁽⁵⁾	—	—	—	—	82,908	1,769,257
John C. Weisenseel ⁽⁶⁾	—	—	—	—	64,318	1,372,546

(1) For details concerning the restricted Holding Units awarded to Mr. Kraus under the Kraus Employment Agreements, see “Overview of Our Chief Executive Officer’s Compensation – Restricted Holding Units” in this Item 11.

(2) Mr. Gingrich was awarded (i) 168,897 restricted Holding Units in December 2013 that are scheduled to vest in 25% increments on each of December 1, 2014, 2015, 2016 and 2017, (ii) 155,968 restricted Holding Units in December 2012, 25% of which vested on December 1, 2013, and the remainder of which is scheduled to vest in additional 25% increments on each of December 1, 2014, 2015 and 2016, (iii) 128,558 restricted Holding Units in December 2011, 25% of which vested on each of December 1, 2012 and 2013, and the remainder of which is scheduled to vest in additional 25% increments on each of December 1, 2014 and 2015, and (iv) 111,253 restricted Holding Units in December 2010, 25% of which vested on each of December 1, 2011, 2012 and 2013, and the remainder of which is scheduled to vest in an additional 25% increment on December 1, 2014.

(3) Mr. Gingrich was granted 263,533 options to buy Holding Units in January 2009, 20% of which vested and became exercisable on each of January 23, 2010, 2011, 2012 and 2013, and the remainder of which was scheduled to vest and become exercisable (and did vest and become exercisable) in an additional 20% increment on January 23, 2014.

(4) Mr. van Brugge was awarded (i) 59,299 restricted Holding Units in December 2013 that are scheduled to vest in 25% increments on each of December 1, 2014, 2015, 2016 and 2017, (ii) 80,574 restricted Holding Units in December 2012, 25% of which vested on December 1, 2013, and the remainder of which is scheduled to vest in additional 25% increments on each of December 1, 2014, 2015 and 2016, (iii) 62,433 restricted Holding Units in December 2011, 25% of which vested on each of December 1, 2012 and 2013, and the remainder of which is scheduled to vest in additional 25% increments on each of December 1, 2014 and 2015, and (iv) 59,970 restricted Holding Units in December 2010, 25% of which vested on each of December 1, 2011, 2012 and 2013, and the remainder of which is scheduled to vest in an additional 25% increment on December 1, 2014.

(5) Ms. Massad was awarded (i) 30,457 restricted Holding Units in December 2013 that are scheduled to vest in 25% increments on each of December 1, 2014, 2015, 2016 and 2017, (ii) 29,792 restricted Holding Units in December 2012, 25% of which vested on December 1, 2013, and the remainder of which is scheduled to vest in additional 25% increments on each of December 1, 2014, 2015 and 2016, (iii) 36,923 restricted Holding Units in December 2011, 25% of which vested on each of December 1, 2012 and 2013, and the remainder of which is scheduled to vest in additional 25% increments on each of December 1, 2014 and 2015, and (iv) 46,585 restricted Holding Units in December 2010, 25% of which vested on each of December 1, 2011, 2012 and 2013, and the remainder of which is scheduled to vest in an additional 25% increment on December 1, 2014.

(6) Mr. Weisenseel was awarded (i) 20,305 restricted Holding Units in December 2013 that are scheduled to vest in 25% increments on each of December 1, 2014, 2015, 2016 and 2017, and (ii) 12,265 restricted Holding Units in December 2012, 25% of which vested on December 1, 2013, and the remainder of which is scheduled to vest in additional 25% increments on each of December 1, 2014, 2015 and 2016. In addition, Mr. Weisenseel was granted, as of May 14, 2012 (his first date of employment, “**JCW Hire Date**”), in accordance with the terms and conditions of the Incentive Compensation Program, an award of restricted Holding Units initially valued at \$1,000,000 in connection with his recruitment and as replacement equity for awards he forfeited by leaving McGraw Hill. The number of restricted Holding Units (69,629) was determined by dividing \$1,000,000 by the average closing price on the NYSE of a Holding Unit for the period covering the four trading days immediately preceding the JCW Hire Date, the JCW Hire Date and the five trading days immediately following the JCW Hire Date (this calculation resulted in an average price of \$14.362) and rounded up to the nearest whole number. Twenty-five percent (25%) of this award vested on each of December 1, 2012 and 2013 and the remainder of this award is scheduled to vest in additional 25% increments on each of December 1, 2014 and 2015. This award is shown in the “Holding Unit Awards” columns of this table and the “Stock Awards” column of the Summary Compensation Table.

Option Exercises and Holding Units Vested in 2013

Holding Units held by our named executive officers that vested during 2013 are as follows:

Name	Holding Unit Awards	
	Number of Holding Units Acquired on Vesting (#)	Value Realized on Vesting (\$)
Peter S. Kraus ⁽¹⁾	544,410	11,672,150
James A. Gingrich	122,607	2,720,649
Robert P. van Brugge	63,768	1,415,012
Lori A. Massad	37,958	842,288
John C. Weisenseel	20,473	454,296

(1) Mr. Kraus deferred the delivery of the 544,410 restricted Holding Units that vested in December 2013. See “Overview of Our Chief Executive Officer’s Compensation – Restricted Holding Units” in this Item 11 for additional information.

Pension Benefits for 2013

None of our named executive officers are entitled to benefits under the Amended and Restated Retirement Plan for Employees of AllianceBernstein L.P. (“Retirement Plan”), our company pension plan. For additional information regarding the Retirement Plan, including interest rates and actuarial assumptions, see Note 16 to our consolidated financial statements in Item 8.

Non-Qualified Deferred Compensation for 2013

Vested and unvested non-qualified deferred compensation contributions, earnings and distributions of our named executive officers during 2013 and their non-qualified deferred compensation plan balances as of December 31, 2013 are as follows:

Name	Executive Contributions in Last FY (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE (\$)
Peter S. Kraus ⁽¹⁾	11,672,150	(54,441)	—	11,617,709
James A. Gingrich ⁽²⁾	—	285,431	(705,708)	2,217,370
Robert P. van Brugge ⁽³⁾	—	548	(63,048)	125,000
Lori A. Massad	—	—	—	—
John C. Weisenseel ⁽³⁾	—	293	(25,305)	75,038

(1) Mr. Kraus deferred delivery of the 544,410 restricted Holding Units that vested in December 2013 until the earlier of December 19, 2018, his death and the date on which a change in control of AllianceBernstein occurs. See “Overview of Our Chief Executive Officer’s Compensation – Restricted Holding Units” in this Item 11 for additional information.

(2) Amounts shown reflect Mr. Gingrich’s interests from pre-2009 awards under the predecessor plan to the Incentive Compensation Program, under which plan participants were permitted to allocate their awards (i) among notional investments in Holding Units, certain of the investment services we provided to clients and a money market fund, or (ii) under limited circumstances, in options to buy Holding Units. For additional information about the Incentive Compensation Program, see Notes 2 and 17 to our consolidated financial statements in Item 8. Amounts of quarterly distributions on Mr. Gingrich’s notional investments in Holding Units are reflected as earnings in the “Aggregate Earnings in Last FY” column and, to the extent distributed to him during 2013, as distributions in the “Aggregate Withdrawals/Distributions” column. The “Aggregate Balance at Last FYE” column represents the value as of December 31, 2013 of Mr. Gingrich’s pre-2009 plan balance, which includes the value of his notional investment in 6,842 Holding Units.

(3) The amounts shown in the “Aggregate Earnings in Last FY” column for Messrs. van Brugge and Weisenseel reflect the interest payments associated with the Deferred Cash portions of their respective long-term incentive compensation awards (in 2011 for Mr. van Brugge and in 2012 for Mr. Weisenseel). Interest accrues monthly based on our monthly weighted average cost of funds (approximately 0.3% in December 2013) and will be credited to Messrs. van Brugge and Weisenseel annually until the cash is distributed to them in installments over the four-year vesting period. The amounts shown in the “Aggregate Withdrawals/Distributions” column for Messrs. van Brugge and Weisenseel represent their respective Deferred Cash distributions during 2013, and the amounts shown in the “Aggregate Balance at Last FYE” column represent their respective Deferred Cash balances as of December 31, 2013.

Potential Payments upon Termination or Change in Control

Estimated payments and benefits to which our named executive officers would have been entitled upon a change in control of AllianceBernstein or the specified qualifying events of termination of employment as of December 31, 2013 are as follows:

Name	Cash Payments ⁽¹⁾⁽²⁾ (\$)	Acceleration of Restricted Holding Unit Awards ⁽²⁾ (\$)	Acceleration of Option Awards ⁽²⁾ (\$)	Other Benefits (\$)
Peter S. Kraus⁽³⁾⁽⁴⁾				
Change in control – Kraus Employment Agreement	—	—	—	18,637
Change in control - Extended Employment Agreement	—	58,088,590	—	18,637
Termination by AllianceBernstein without cause-Kraus Employment Agreement	—	—	—	18,637
Termination by AllianceBernstein without cause-Extended Employment Agreement	—	23,235,436	—	18,637
Termination by Mr. Kraus for good reason-Kraus Employment Agreement	—	—	—	18,637
Termination by Mr. Kraus for good reason-Extended Employment Agreement	—	23,235,436	—	18,637
Death or disability ⁽⁵⁾⁽⁶⁾⁽⁷⁾ - Kraus Employment Agreement	—	—	—	18,637
Death or disability ⁽⁵⁾⁽⁶⁾⁽⁷⁾ - Extended Employment Agreement	—	—	—	18,637
James A. Gingrich				
Resignation or termination by AllianceBernstein without cause (complies with applicable agreements and restrictive covenants) ⁽²⁾	—	8,065,773	226,113	—
Death or disability ⁽⁸⁾	—	8,065,773	226,113	—
Robert P. van Brugge				
Resignation or termination by AllianceBernstein without cause (complies with applicable agreements and restrictive covenants) ⁽²⁾	125,000	3,541,117	—	—
Death or disability ⁽⁸⁾	125,000	3,541,117	—	—
Lori A. Massad				
Resignation or termination by AllianceBernstein without cause (complies with applicable agreements and restrictive covenants) ⁽²⁾	—	1,769,257	—	—
Death or disability ⁽⁸⁾	—	1,769,257	—	—
John C. Weisenseel				
Resignation or termination by AllianceBernstein without cause (complies with applicable agreements and restrictive covenants) ⁽²⁾	75,038	1,372,546	—	—
Death or disability ⁽⁸⁾	75,038	1,372,546	—	—

(1) For Messrs. van Brugge and Weisenseel, amounts shown represent the portions of their awards they elected to allocate to Deferred Cash pursuant to the Incentive Compensation Program that were unvested as of December 31, 2013, and the vesting of which would have accelerated had their employment terminated as of such date under the circumstances specified in the table. (Mr. van Brugge allocated a portion of his 2011 award to Deferred Cash and Mr. Weisenseel allocated a portion of his 2012 award to Deferred Cash.) In addition, it is possible that each named executive officer (other than Mr. Kraus) could receive a cash severance payment on the termination of his or her employment. Because the amounts of any such cash severance payments would be determined at the time of such termination, we are unable to estimate such amounts.

(2) See Notes 2 and 17 in our consolidated financial statements in Item 8 and “Compensation Elements for Executive Officers – Long-term Incentive Compensation” in this Item 11 for a discussion of the terms set forth in long-term incentive compensation award agreements relating to termination of employment.

(3) If a change in control of AllianceBernstein or a qualifying event of termination of employment had occurred as of December 31, 2013, Mr. Kraus would have been entitled to receive (i) accelerated vesting under the Extended Employment Agreement of the entire Additional Grant (in the case of a change in control of AllianceBernstein) or the portions of the Additional Grant scheduled to vest on December 19, 2014 and 2015 (in the case of a qualifying event of termination of employment), as shown in the “Acceleration of Restricted Holding Unit Awards” column, and (ii) a payment of \$18,637 for continuing health and welfare benefits, as shown in the “Other Benefits” column. For additional information, including a detailed description of terms in the Kraus Employment Agreements relating to change in control and qualifying events of termination of employment, see “Overview of Our Chief Executive Officer’s Compensation” in this Item 11.

[Table of Contents](#)

- (4) Mr. Kraus deferred the delivery of the 544,410 restricted Holding Units that vested on December 19, 2013 until the earlier of December 19, 2018, his death and the date on which a change in control of AllianceBernstein occurs. See “Overview of Our Chief Executive Officer’s Compensation – Restricted Holding Units” in this Item 11 for additional information.
- (5) The Kraus Employment Agreements indicate that, if Mr. Kraus dies or becomes disabled, he immediately vests in a pro-rated portion of any restricted Holding Units otherwise due to vest on the next vesting date. However, because Mr. Kraus’s Restricted Holding Unit Grant had fully vested as of December 19, 2013 and the Extended Employment Term did not begin until January 3, 2014, Mr. Kraus would not have been entitled to accelerated vesting of any Holding Units had he died or become disabled as of December 31, 2013.
- (6) The Kraus Employment Agreements define “Disability” as a good faith determination by AllianceBernstein that Mr. Kraus is physically or mentally incapacitated and has been unable for a period of 120 days in the aggregate during any 12-month period to perform substantially all of the duties for which he is responsible immediately before the commencement of the incapacity.
- (7) Under the Kraus Employment Agreements, upon termination of Mr. Kraus’s employment due to death or disability, AllianceBernstein will provide at its expense continued health and welfare benefits for Mr. Kraus, his spouse and his dependents through the end of the calendar year in which termination occurs. Thereafter, until the date Mr. Kraus (or, in the case of his spouse, his spouse) reaches age 65, AllianceBernstein will provide Mr. Kraus and his spouse with access to participation in AllianceBernstein’s medical plans at Mr. Kraus’s (or his spouse’s) sole expense based on a reasonably determined fair market value premium rate.
- (8) “Disability” is defined in the Incentive Compensation Program award agreements of each of Ms. Massad and Messrs. Gingrich, van Brugge and Weisensteil, and in the Special Option Program award agreement of Mr. Gingrich, as the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last for a continuous period of not less than 12 months, as determined by the carrier of the long-term disability insurance program maintained by AllianceBernstein or its affiliate that covers the executive officer.

Director Compensation in 2013

During 2013, we compensated our directors who are not employed by our company or by any of our affiliates (“**Eligible Directors**”) as follows:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards ⁽¹⁾⁽³⁾ (\$)	Option Awards ⁽²⁾⁽³⁾ (\$)	Total (\$)
Christopher M. Condrón	77,000	60,000	60,000	197,000
Steven G. Elliott	77,000	120,000	—	197,000
Deborah S. Hechinger	75,500	—	120,000	195,500
Weston M. Hicks	72,500	120,000	—	192,500
Scott A. Schoen ⁽⁴⁾	32,500	50,000	—	82,500
Lorie A. Slutsky	75,500	120,000	—	195,500
A.W. (Pete) Smith, Jr. ⁽⁵⁾	75,500	120,000	—	195,500
Peter J. Tobin	96,500	120,000	—	216,500
Joshua A. Weinreich ⁽⁴⁾	29,500	25,000	25,000	79,500

(1) The aggregate number of restricted Holding Units underlying awards outstanding at December 31, 2013 was: for Mr. Condrón, 9,145 Holding Units; for Ms. Hechinger, 6,875 Holding Units; for Mr. Schoen, 2,485 Holding Units; for Mr. Weinreich, 1,243 Holding Units; and for each of Ms. Slutsky and Messrs. Elliott, Hicks, Smith and Tobin, 11,414 Holding Units.

(2) The aggregate number of options outstanding at December 31, 2013 was: for Mr. Condrón, options to buy 37,022 Holding Units; for Mr. Elliott, options to buy 26,383 Holding Units; for Ms. Hechinger, options to buy 63,787 Holding Units; for Mr. Hicks, options to buy 44,938 Holding Units; for Ms. Slutsky, options to buy 56,227 Holding Units; for Mr. Smith, options to buy 44,938 Holding Units; for Mr. Tobin, options to buy 59,339 Holding Units; and for Mr. Weinreich, options to buy 5,774 Holding Units. Mr. Schoen did not own any options to buy Holding Units.

(3) Reflects the aggregate grant date fair value of the awards calculated in accordance with FASB ASC Topic 718. For the assumptions made in determining these values, see Note 17 to our consolidated financial statements in Item 8.

[Table of Contents](#)

- (4) Messrs. Schoen and Weinreich joined the Board on July 30, 2013; their compensation during 2013 was pro-rated to reflect their five months of service.
- (5) Mr. Smith retired from the Board on November 18, 2013.

The General Partner only pays fees, and makes equity-based awards, to Eligible Directors. Through December 31, 2013, these fees and awards consisted of:

- an annual retainer of \$50,000 (paid quarterly after any quarter during which an Eligible Director serves on the Board);
- a fee of \$1,500 for participating in a meeting of the Board, or any duly constituted committee of the Board, whether in person or by telephone;
- an annual retainer of \$15,000 for acting as Chair of the Audit Committee;
- an annual retainer of \$7,500 for acting as Chair of the Governance Committee; and
- an annual equity-based grant under an equity compensation plan consisting of (at each Eligible Director's election):
 - restricted Holding Units with a grant date value of \$120,000;
 - options to buy Holding Units with a grant date value of \$120,000; or
 - restricted Holding Units with a grant date value of \$60,000 and options to buy Holding Units with a grant date value of \$60,000.

Equity grants to Eligible Directors generally are made at the May meeting of the Board. The dates of the May meetings are set by the Board the previous year.

At a regularly-scheduled meeting of the Board held during May 2013, the Board, consistent with elections made by our then-serving Eligible Directors during January 2013, granted to (i) Mr. Condron, 2,270 restricted Holding Units and options to buy 10,639 Holding Units at \$26.44 per Holding Unit, (ii) Ms. Hechinger, options to buy 21,277 Holding Units at \$26.44 per Holding Unit, and (iii) each of Ms. Slutsky and Messrs. Elliott, Hicks, Smith and Tobin, 4,539 restricted Holding Units. The exercise price of the options was the closing price of a Holding Unit as reported for NYSE composite transactions on May 20, 2013, the date on which the Board approved the awards. For information about how the Black-Scholes value was calculated, *see Notes 2 and 17 to our consolidated financial statements in Item 8.*

At a regularly-scheduled meeting of the Board held during September 2013, the Board, consistent with elections made by Messrs. Schoen and Weinreich during August 2013 in connection with the commencement of their service on the Board, granted to (i) Mr. Schoen, 2,485 restricted Holding Units, and (ii) Mr. Weinreich, 1,243 restricted Holding Units and options to buy 5,774 Holding Units at \$20.12 per Holding Unit. The exercise price of the options was the closing price of a Holding Unit as reported for NYSE composite transactions on September 13, 2013, the date on which the Board approved the awards.

Options granted to Eligible Directors become exercisable ratably over three years. Restricted Holding Units granted to Eligible Directors "cliff" vest after three years (*i.e.*, 100% of the award is distributed on the third anniversary of the grant date). In order to avoid any perception that our directors' exercise of their fiduciary duties might be impaired, these options and restricted Holding Units are not forfeitable. Accordingly, vesting and exercisability of options continues following an Eligible Director's resignation from the Board. Restricted Holding Units are distributed as soon as administratively possible following an Eligible Director's resignation from the Board.

The General Partner may reimburse any director for reasonable expenses incurred in participating in Board meetings. Holding and AllianceBernstein, in turn, reimburse the General Partner for expenses incurred by the General Partner on their behalf, including amounts in respect of directors' fees and expenses. These reimbursements are subject to any relevant provisions of the Holding Partnership Agreement and the AllianceBernstein Partnership Agreement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Securities Authorized for Issuance under Equity Compensation Plans

Holding Units to be issued pursuant to our equity compensation plans as of December 31, 2013 are as follows:

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance ⁽¹⁾
Equity compensation plans approved by security holders	7,074,139	\$ 40.82	21,907,073
Equity compensation plans not approved by security holders	—	—	—
Total	7,074,139	\$ 40.82	21,907,073

(1) All Holding Units remaining available for future issuance will be issued pursuant to the 2010 Plan.

There are no AllianceBernstein Units to be issued pursuant to an equity compensation plan.

For information about our equity compensation plans (2010 Plan, 1997 Plan, Century Club Plan), see Note 17 to our consolidated financial statements in Item 8.

Principal Security Holders

As of December 31, 2013, we had no information that any person beneficially owned more than 5% of the outstanding Holding Units.

As of December 31, 2013, we had no information that any person beneficially owned more than 5% of the outstanding AllianceBernstein Units, except as reported by AXA and certain of its subsidiaries on Schedule 13D/A and Forms 4 filed with the SEC on December 20, 2013 pursuant to the Exchange Act. We have prepared the following table, and the notes that follow, in reliance on such filings:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership Reported on Schedule	Percent of Class
AXA ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ 25 avenue Matignon 75008 Paris, France	170,121,745 ⁽⁴⁾⁽⁵⁾	63.4% ⁽⁴⁾⁽⁵⁾

(1) Based on information provided by AXA Financial, on December 31, 2013, AXA and certain of its subsidiaries beneficially owned all of AXA Financial's outstanding common stock. For insurance regulatory purposes, the shares of common stock of AXA Financial beneficially owned by AXA and its subsidiaries have been deposited into a voting trust ("**Voting Trust**"), the term of which has been extended until April 29, 2021. The trustees of the Voting Trust ("**Voting Trustees**") are Henri de Castries, Denis Duverne and Mark Pearson. Messrs. de Castries and Duverne serve on the Board of Directors of AXA, while Mr. Pearson serves on the Management Committee of AXA. The Voting Trustees have agreed to exercise their voting rights to protect the legitimate economic interests of AXA, but with a view to ensuring that certain minority shareholders of AXA do not exercise control over AXA Financial or certain of its insurance subsidiaries.

(2) Based on information provided by AXA, as of December 31, 2013, 14.18% of the issued ordinary shares (representing 23.54% of the voting power) of AXA were owned directly and indirectly by two French mutual insurance companies (AXA Assurances IARD Mutuelle and AXA Assurances Vie Mutuelle) engaged in the Property & Casualty insurance business and the Life & Savings insurance business in France ("**Mutuelles AXA**").

[Table of Contents](#)

- (3) The Voting Trustees and the Mutuelles AXA, as a group, may be deemed to be beneficial owners of all AllianceBernstein Units beneficially owned by AXA and its subsidiaries. By virtue of the provisions of the Voting Trust Agreement, AXA may be deemed to have shared voting power with respect to the AllianceBernstein Units. AXA and its subsidiaries have the power to dispose or direct the disposition of all shares of the capital stock of AXA Financial deposited in the Voting Trust. The Mutuelles AXA, as a group, may be deemed to share the power to vote or to direct the vote and to dispose or to direct the disposition of all the AllianceBernstein Units beneficially owned by AXA and its subsidiaries. The address of each of AXA and Messrs. de Castries and Duverne is 25 avenue Matignon, 75008 Paris, France. The address of Mr. Pearson is 1290 Avenue of the Americas, New York, NY 10104. The address of the Mutuelles AXA is 313 Terrasses de l'Arche, 92727 Nanterre Cedex, France.
- (4) By reason of their relationships, AXA, the Voting Trustees, the Mutuelles AXA Equitable Financial Services, LLC (a subsidiary of AXA America), AXA IM Rose Inc. (a 95.82%-owned subsidiary of AXA), AXA Financial, AXA Equitable, Coliseum Reinsurance Company (a subsidiary of AXA Financial), ACMC, LLC (a subsidiary of AXA Financial) and MLOA may be deemed to share the power to vote or to direct the vote and to dispose or direct the disposition of all or a portion of the 170,121,745 issued and outstanding AllianceBernstein Units.
- (5) As indicated above in note 4, AXA owns approximately 95.82% of AXA IM Rose Inc., which means that approximately 4.18% of the AllianceBernstein Units beneficially owned by AXA IM Rose Inc. as of December 31, 2013 were not beneficially owned by AXA. As a result, as of December 31, 2013, AXA beneficially owned 168,368,879 AllianceBernstein Units, or 62.7% of the issued and outstanding AllianceBernstein Units.

As of December 31, 2013, Holding was the record owner of 96,028,494, or 35.8%, of the issued and outstanding AllianceBernstein Units.

Management

As of December 31, 2013, the beneficial ownership of Holding Units by each director and named executive officer of the General Partner and by all directors and executive officers as a group is as follows:

Name of Beneficial Owner	Number of Holding Units and Nature of Beneficial Ownership	Percent of Class
Peter S. Kraus ⁽¹⁾⁽²⁾	4,337,643	4.5%
Christopher M. Condron ⁽³⁾	66,282	*
Henri de Castries ⁽¹⁾	2,000	*
Denis Duverne ⁽¹⁾	2,000	*
Steven G. Elliott ⁽⁴⁾	23,551	*
Deborah S. Hechinger ⁽⁵⁾	38,644	*
Weston M. Hicks ⁽⁶⁾	51,073	*
Mark Pearson ⁽¹⁾	—	*
Scott A. Schoen	52,485	
Lorie A. Slutsky ⁽¹⁾⁽⁷⁾	59,183	*
Christian Thimann ⁽¹⁾	—	*
Peter J. Tobin ⁽⁸⁾	61,135	*
Joshua A. Weinreich	1,243	
James A. Gingrich ⁽¹⁾⁽⁹⁾	888,340	*
Lori A. Massad ⁽¹⁾⁽¹⁰⁾	147,655	*
Robert P. van Brugge ⁽¹⁾⁽¹¹⁾	196,534	*
John C. Weisenseel ⁽¹⁾⁽¹²⁾	88,350	*
All directors and executive officers of the General Partner as a group (18 persons) ⁽¹³⁾⁽¹⁴⁾	6,272,403	6.5%

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

- (1) Excludes Holding Units beneficially owned by AXA and its subsidiaries. Ms. Slutsky and Messrs. Kraus, de Castries, Duverne, Pearson and Thimann are directors and/or officers of AXA, AXA Financial, and/or AXA Equitable. Ms. Massad and Messrs. Kraus, Gingrich, van Brugge and Weisenseel are directors and/or officers of the General Partner.

Table of Contents

- (2) Includes restricted Holding Units awarded to Mr. Kraus pursuant to the Restricted Holding Unit Grant and the Additional Grant. See *“Overview of Our Chief Executive Officer’s Compensation – Restricted Holding Units”* in Item 11 for additional information regarding Mr. Kraus’s Holding Unit awards.
- (3) Includes 12,137 Holding Units Mr. Condron can acquire within 60 days under an AllianceBernstein option plan.
- (4) Includes 12,137 Holding Units Mr. Elliott can acquire within 60 days under an AllianceBernstein option plan.
- (5) Includes 28,264 Holding Units Ms. Hechinger can acquire within 60 days under an AllianceBernstein option plan.
- (6) Includes 30,692 Holding Units Mr. Hicks can acquire within 60 days under an AllianceBernstein option plan.
- (7) Includes 41,981 Holding Units Ms. Slutsky can acquire within 60 days under an AllianceBernstein option plan.
- (8) Includes 45,093 Holding Units Mr. Tobin can acquire within 60 days under an AllianceBernstein option plan.
- (9) Includes 263,533 Holding Units Mr. Gingrich can acquire within 60 days under an AllianceBernstein option plan and 479,457 restricted Holding Units awarded to Mr. Gingrich as long-term incentive compensation that have not yet vested or been distributed to him. For information regarding Mr. Gingrich’s long-term incentive compensation awards, see *“Grants of Plan-based Awards in 2013”* and *“Outstanding Equity Awards at 2013 Fiscal Year-End”* in Item 11.
- (10) Includes 82,909 restricted Holding Units awarded to Ms. Massad as long-term incentive compensation that have not yet vested or been distributed to her. For information regarding Ms. Massad’s long-term incentive compensation awards, see *“Grants of Plan-based Awards in 2013”* and *“Outstanding Equity Awards at 2013 Fiscal Year-End”* in Item 11.
- (11) Includes 165,939 restricted Holding Units awarded to Mr. van Brugge as long-term incentive compensation that have not yet vested or been distributed to him. For information regarding Mr. van Brugge’s long-term incentive compensation awards, see *“Grants of Plan-based Awards in 2013”* and *“Outstanding Equity Awards at 2013 Fiscal Year-End”* in Item 11.
- (12) Includes 64,319 restricted Holding Units awarded to Mr. Weisenseel as long-term incentive compensation that have not vested or been distributed to him. For information regarding Mr. Weisenseel’s long-term incentive compensation awards, see *“Grants of Plan-based Awards in 2013”* and *“Outstanding Equity Awards at 2013 Fiscal Year-End”* in Item 11.
- (13) Includes 512,185 Holding Units the directors and executive officers as a group can acquire within 60 days under AllianceBernstein option plans.
- (14) Includes 4,223,374 restricted Holding Units awarded to the executive officers as a group as long-term incentive compensation that have not yet vested or been distributed to them.

As of December 31, 2013, our directors and executive officers did not beneficially own any AllianceBernstein Units.

[Table of Contents](#)

As of December 31, 2013, the beneficial ownership of the common stock of AXA by each director and named executive officer of the General Partner and by all directors and executive officers as a group is as follows:

AXA Common Stock⁽¹⁾

Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Class
Peter S. Kraus	—	*
Christopher M. Condron ⁽²⁾	2,567,617	*
Henri de Castries ⁽³⁾	4,028,531	*
Denis Duverne ⁽⁴⁾	2,445,609	*
Steven G. Elliott	—	*
Deborah S. Hechinger	—	*
Weston M. Hicks	—	*
Mark Pearson ⁽⁵⁾	266,775	*
Scott A. Schoen	—	*
Lorie A. Slutsky ⁽⁶⁾	32,560	*
Christian Thimann	—	*
Peter J. Tobin ⁽⁷⁾	19,122	*
Joshua A. Weinreich	—	*
James A. Gingrich	—	*
Lori A. Massad	—	*
Robert P. van Brugge	—	*
John C. Weisenseel	—	*
All directors and executive officers of the General Partner as a group (18 persons) ⁽⁸⁾	9,360,214	*

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

(1) Holdings of AXA American Depositary Shares (“ADS”) are expressed as their equivalent in AXA common stock. Each AXA ADS represents the right to receive one AXA ordinary share.

(2) Includes 2,104,197 shares Mr. Condron can acquire within 60 days under option plans. Also includes 324,665 deferred restricted ADS units under AXA’s Variable Deferred Compensation Plan for Executives.

(3) Includes 2,362,379 shares Mr. de Castries can acquire within 60 days under option plans. Also includes 292,400 unvested AXA performance shares, which are paid out when vested based on the price of AXA at that time and are subject to achievement of internal performance conditions.

(4) Includes 1,739,078 shares Mr. Duverne can acquire within 60 days under option plans.

(5) Includes 143,363 shares Mr. Pearson can acquire within 60 days under options plans. Also includes 84,000 unvested AXA performance shares, which are paid out when vested based on the price of AXA at that time and are subject to achievement of internal performance conditions.

(6) Includes 648 shares and 6,402 ADSs Ms. Slutsky can acquire within 60 days under option plans.

(7) Includes 11,660 shares Mr. Tobin can acquire within 60 days under option plans.

(8) Includes 6,361,325 shares the directors and executive officers as a group can acquire within 60 days under option plans.

Partnership Matters

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

Section 17-403(b) of the Delaware Revised Uniform Limited Partnership Act (“**Delaware Act**”) states in substance that, except as provided in the Delaware Act or the applicable partnership agreement, a general partner of a limited partnership has the liabilities of a general partner in a general partnership governed by the Delaware Uniform Partnership Law (as in effect on July 11, 1999) to the partnership and to the other partners. Accordingly, while under Delaware law a general partner of a limited partnership is liable as a fiduciary to the other partners, those fiduciary obligations may be altered by the terms of the applicable partnership agreement. The AllianceBernstein Partnership Agreement and Holding Partnership Agreement (together, “**Partnership Agreements**”) each sets forth limitations on the duties and liabilities of the General Partner. Each Partnership Agreement provides that the General Partner is not liable for monetary damages for errors in judgment or for breach of fiduciary duty (including breach of any duty of care or loyalty) unless it is established (the person asserting such liability having the burden of proof) that the General Partner’s action or failure to act involved an act or omission undertaken with deliberate intent to cause injury, with reckless disregard for the best interests of the Partnerships or with actual bad faith on the part of the General Partner, or constituted actual fraud. Whenever the Partnership Agreements provide that the General Partner is permitted or required to make a decision (i) in its “discretion” or under a grant of similar authority or latitude, the General Partner is entitled to consider only such interests and factors as it desires and has no duty or obligation to consider any interest of or other factors affecting the Partnerships or any Unitholder of AllianceBernstein or Holding or (ii) in its “good faith” or under another express standard, the General Partner will act under that express standard and will not be subject to any other or different standard imposed by either Partnership Agreement or applicable law or in equity or otherwise. Each Partnership Agreement further provides that to the extent that, at law or in equity, the General Partner has duties (including fiduciary duties) and liabilities relating thereto to either Partnership or any partner, the General Partner acting under either Partnership Agreement, as applicable, will not be liable to the Partnerships or any partner for its good faith reliance on the provisions of the Partnership Agreement.

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

Each Partnership Agreement also allows transactions between AllianceBernstein and Holding and the General Partner or its affiliates, *as we describe in “Policies and Procedures Regarding Transactions with Related Persons” in Item 13*. The Delaware courts have held that provisions in partnership or limited liability company agreements that permit affiliate transactions so long as they are on an arms-length basis operate to establish a contractually-agreed-to fiduciary duty standard of entire fairness on the part of the general partner or manager in connection with the approval of affiliate transactions. Also, each Partnership Agreement expressly permits all affiliates of the General Partner to compete, directly or indirectly, with AllianceBernstein and Holding, *as we discuss in “Competition” in Item 1*. The Partnership Agreements further provide that, except to the extent that a decision or action by the General Partner is taken with the specific intent of providing an improper benefit to an affiliate of the General Partner to the detriment of AllianceBernstein or Holding, there is no liability or obligation with respect to, and no challenge of, decisions or actions of the General Partner that would otherwise be subject to claims or other challenges as improperly benefiting affiliates of the General Partner to the detriment of the Partnerships or otherwise involving any conflict of interest or breach of a duty of loyalty or similar fiduciary obligation.

Section 17-1101(c) of the Delaware Act provides that it is the policy of the Delaware Act to give maximum effect to the principle of freedom of contract and to the enforceability of partnership agreements. Further, Section 17-1101(d) of the Delaware Act provides in part that to the extent that, at law or in equity, a partner has duties (including fiduciary duties) to a limited partnership or to another partner, those duties may be expanded, restricted, or eliminated by provisions in a partnership agreement (provided that a partnership agreement may not eliminate the implied contractual covenant of good faith and fair dealing). In addition, Section 17-1101(f) of the Delaware Act provides that a partnership agreement may limit or eliminate any or all liability of a partner to a limited partnership or another partner for breach of contract or breach of duties (including fiduciary duties); provided, however, that a partnership agreement may not limit or eliminate liability for any act or omission that constitutes a bad faith violation of the implied contractual covenant of good faith and fair dealing. Decisions of the Delaware courts have recognized the right of parties, under the above provisions of the Delaware Act, to alter by the terms of a partnership agreement otherwise applicable fiduciary duties and liability for breach of duties. However, the Delaware courts have required that a partnership agreement make clear the intent of the parties to displace otherwise applicable fiduciary duties (the otherwise applicable fiduciary duties often being referred to as “default” fiduciary duties). Judicial inquiry into whether a partnership agreement is sufficiently clear to displace default fiduciary duties is necessarily fact driven and is made on a case by case basis. Accordingly, the effectiveness of displacing default fiduciary obligations and liabilities of general partners continues to be a developing area of the law and it is not certain to what extent the foregoing provisions of the Partnership Agreements are enforceable under Delaware law.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Policies and Procedures Regarding Transactions with Related Persons

The Partnership Agreements each expressly permits AXA and its affiliates, which includes AXA Equitable and its affiliates (collectively, “**AXA Affiliates**”), to provide services to AllianceBernstein and Holding if the terms of the transaction are approved by the General Partner in good faith as being comparable to (or more favorable to each such Partnership than) those that would prevail in a transaction with an unaffiliated party. This requirement is conclusively presumed to be satisfied as to any transaction or arrangement that (i) in the reasonable and good faith judgment of the General Partner, meets that unaffiliated party standard, or (ii) has been approved by a majority of those directors of the General Partner who are not also directors, officers or employees of an affiliate of the General Partner.

In practice, our management pricing committees review investment advisory agreements with AXA Affiliates, which is the manner in which the General Partner reaches a judgment regarding the appropriateness of the fees. Other transactions with AXA Affiliates are submitted to the Audit Committee for their review and approval. (See “*Committees of the Board*” in *Item 10* for details regarding the Audit Committee.) We are not aware of any transaction during 2013 between our company and any related person with respect to which these procedures were not followed.

Our relationships with AXA Affiliates also are subject to applicable provisions of the insurance laws and regulations of New York and other states. Under such laws and regulations, the terms of certain investment advisory and other agreements we enter into with AXA Affiliates are required to be fair and equitable, charges or fees for services performed must be reasonable, and, in some cases, are subject to regulatory approval.

We do not have written policies regarding the employment of immediate family members of any of our related persons. Compensation and benefits for all of our employees is established in accordance with our employment and compensation practices applicable to employees with equivalent qualifications and responsibilities who hold similar positions.

Financial Arrangements with AXA Affiliates

The General Partner has, in its reasonable and good faith judgment (based on its knowledge of, and inquiry with respect to, comparable arrangements with or between unaffiliated parties), approved the following arrangements with AXA Affiliates as being comparable to, or more favorable to AllianceBernstein than, those that would prevail in a transaction with an unaffiliated party.

Transactions between AllianceBernstein and related persons during 2013 are as follows (the first table summarizes services we provide to related persons and the second table summarizes services our related persons provide to us):

Parties ⁽¹⁾	General Description of Relationship ⁽²⁾	Amounts Received or Accrued for in 2013
AXA Equitable ⁽³⁾	We provide investment management services and ancillary accounting, valuation, reporting, treasury and other services to the general and separate accounts of AXA Equitable and its insurance company subsidiaries.	\$ 46,578,000 (of which \$449,000 relates to the ancillary services)
EQAT, AXA Enterprise Trust and AXA Premier VIP Trust	We serve as sub-adviser to these open-end mutual funds, each of which is sponsored by a subsidiary of AXA Financial.	\$ 23,708,000
AXA Life Japan Limited ⁽³⁾		\$ 19,025,000
AXA AB Funds	We provide investment management, distribution and shareholder servicing-related services.	\$ 11,317,000
AXA Re Arizona Company ⁽³⁾		\$ 10,327,000
MONY Life Insurance Company and its subsidiaries ⁽³⁾⁽⁴⁾⁽⁵⁾		\$ 7,157,000
AXA Hong Kong Life ⁽³⁾		\$ 4,459,000
AXA Germany ⁽³⁾		\$ 4,182,000
AXA Switzerland Life ⁽³⁾		\$ 3,176,000
AXA France ⁽³⁾		\$ 2,758,000
AXA U.K. Group Pension Scheme		\$ 2,617,000
AXA Belgium ⁽³⁾		\$ 1,698,000
AXA Mediterranean ⁽³⁾		\$ 1,376,000
AXA Investment Managers Ltd. Paris ⁽³⁾		\$ 1,090,000
AXA Corporate Solutions ⁽³⁾		\$ 960,000
AXA Switzerland Property and Casualty ⁽³⁾		\$ 228,000
AXA General Insurance Hong Kong Ltd. ⁽³⁾		\$ 210,000
AIM Deutschland GmbH ⁽³⁾		\$ 201,000
AXA Foundation, Inc. ⁽³⁾		\$ 161,000
Coliseum Reinsurance ⁽³⁾		\$ 154,000
AXA Insurance Company ⁽³⁾		\$ 152,000

Parties ⁽¹⁾⁽³⁾	General Description of Relationship	Amounts Paid or Accrued for in 2013
AXA Advisors	Distributes certain of our Retail Products and provides Private Client referrals.	\$ 13,338,000
AXA Equitable	We are covered by various insurance policies maintained by AXA Equitable.	\$ 5,062,000
AXA Business Services Pvt. Ltd.	Provides data processing services and support for certain investment operations functions.	\$ 4,197,000
AXA Technology Services India Pvt.	Provides certain data processing services and functions.	\$ 3,685,000
AXA Group Solutions Pvt. Ltd.	Provides maintenance and development support for applications.	\$ 3,175,000
AXA Advisors	Sells shares of our mutual funds under Distribution Services and Educational Support agreements.	\$ 1,405,000
AXA Wealth	Provides portfolio-related services for assets we manage under the AXA Corporate Trustee Investment Plan.	\$ 1,014,000
GIE Informatique AXA	Provides cooperative technology development and procurement services to us and to various other subsidiaries of AXA.	\$ 965,000

-
- (1) AllianceBernstein or one of its subsidiaries is a party to each transaction.
(2) We provide investment management services unless otherwise indicated.
(3) This entity is a subsidiary of AXA.
(4) Subsidiaries include MONY Life Insurance Company of America and U.S. Financial Life Insurance Company.
(5) AXA completed its sale of MONY in October 2013. MLOA continues to be a subsidiary of AXA.

Additional Transactions with Related Persons

AXA Equitable and its affiliates are not obligated to provide funds to us, except for APMC, LLC's and the General Partner's obligation to fund certain of our incentive compensation and employee benefit plan obligations. APMC, LLC and the General Partner are obligated, subject to certain limitations, to make capital contributions to AllianceBernstein in an amount equal to the payments AllianceBernstein is required to make as incentive compensation under the employment agreements entered into in connection with AXA Equitable's 1985 acquisition of Donaldson, Lufkin and Jenrette Securities Corporation (since November 2000, a part of Credit Suisse Group) as well as obligations of AllianceBernstein to various employees and their beneficiaries under AllianceBernstein's Capital Accumulation Plan. In 2013, APMC, LLC made capital contributions to AllianceBernstein in the amount of approximately \$3.4 million in respect of these obligations. APMC, LLC's obligations to make these contributions are guaranteed by Equitable Holdings, LLC (a wholly-owned subsidiary of AXA Equitable), subject to certain limitations. All tax deductions with respect to these obligations, to the extent funded by APMC, LLC, the General Partner or Equitable Holdings, LLC, will be allocated to APMC, LLC or the General Partner.

Arrangements with Immediate Family Members of Related Persons

During 2013, we did not have arrangements with immediate family members of our directors and executive officers.

Director Independence

See "Corporate Governance—Independence of Certain Directors" in Item 10.

[Table of Contents](#)

Item 14. Principal Accounting Fees and Services

Fees for professional audit services rendered by PricewaterhouseCoopers LLP (“**PwC**”) for the audit of AllianceBernstein’s and Holding’s annual financial statements for 2013 and 2012, respectively, and fees for other services rendered by PwC are as follows:

	<u>2013</u>	<u>2012</u>
	<u>(in thousands)</u>	
Audit fees ⁽¹⁾	\$ 4,911	\$ 5,102
Audit-related fees ⁽²⁾	3,435	3,330
Tax fees ⁽³⁾	2,225	1,806
All other fees ⁽⁴⁾	5	6
Total	<u>\$ 10,576</u>	<u>\$ 10,244</u>

(1) Includes \$64,914 paid for audit services to Holding in each of 2013 and 2012.

(2) Audit-related fees consist principally of fees for audits of financial statements of certain employee benefit plans, internal control reviews and accounting consultation.

(3) Tax fees consist of fees for tax consultation and tax compliance services.

(4) All other fees in 2013 and 2012 consisted of miscellaneous non-audit services.

The Audit Committee has a policy to pre-approve audit and non-audit service engagements with the independent registered public accounting firm. The independent registered public accounting firm must provide annually a comprehensive and detailed schedule of each proposed audit and non-audit service to be performed. The Audit Committee then affirmatively indicates its approval of the listed engagements. Engagements that are not listed, but that are of similar scope and size to those listed and approved, may be deemed to be approved, if the fee for such service is less than \$100,000. In addition, the Audit Committee has delegated to its chairman the ability to approve any permissible non-audit engagement where the fees are expected to be less than \$100,000.

PART IV

Item 15. Exhibits, Financial Statement Schedules

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

Financial Statement Schedule.

Attached to this Form 10-K is a schedule describing Valuation and Qualifying Account-Allowance for Doubtful Accounts for the three years ended December 31, 2013, 2012 and 2011. PwC's report regarding the schedule also is attached.

(b) *Exhibits.*

The following exhibits required to be filed by Item 601 of Regulation S-K are filed herewith or incorporated by reference herein, as indicated:

Exhibit	Description
3.01	Amended and Restated Certificate of Limited Partnership dated February 24, 2006 of Holding (incorporated by reference to Exhibit 99.06 to Form 8-K, as filed February 24, 2006).
3.02	Amendment No. 1 dated February 24, 2006 to Amended and Restated Agreement of Limited Partnership of Holding (incorporated by reference to Exhibit 3.1 to Form 10-Q for the quarterly period ended September 30, 2006, as filed November 8, 2006).
3.03	Amended and Restated Agreement of Limited Partnership dated October 29, 1999 of Alliance Capital Management Holding L.P. (incorporated by reference to Exhibit 3.2 to Form 10-K for the fiscal year ended December 31, 2003, as filed March 10, 2004).
3.04	Amended and Restated Certificate of Limited Partnership dated February 24, 2006 of AllianceBernstein (incorporated by reference to Exhibit 99.07 to Form 8-K, as filed February 24, 2006).
3.05	Amendment No. 1 dated February 24, 2006 to Amended and Restated Agreement of Limited Partnership of AllianceBernstein (incorporated by reference to Exhibit 3.2 to Form 10-Q for the quarterly period ended September 30, 2006, as filed November 8, 2006).
3.06	Amended and Restated Agreement of Limited Partnership dated October 29, 1999 of Alliance Capital Management L.P. (incorporated by reference to Exhibit 3.3 to Form 10-K for the fiscal year ended December 31, 2003, as filed March 10, 2004).
3.07	Certificate of Amendment to the Certificate of Incorporation of AllianceBernstein Corporation (incorporated by reference to Exhibit 99.08 to Form 8-K, as filed February 24, 2006).
3.08	AllianceBernstein Corporation By-Laws with amendments through February 24, 2006 (incorporated by reference to Exhibit 99.09 to Form 8-K, as filed February 24, 2006).
4.01	Contingent Value Rights Agreement, dated as of December 12, 2013, by and between AllianceBernstein L.P. and American Stock Transfer & Trust Company, LLC.
10.01	AllianceBernstein 2013 Incentive Compensation Award Program.*
10.02	AllianceBernstein 2013 Deferred Cash Compensation Program.*
10.03	AllianceBernstein L.P. 2010 Long Term Incentive Plan, as amended.*
10.04	Form of Award Agreement under Incentive Compensation Award Program, Deferred Cash Compensation Program and 2010 Long Term Incentive Plan.*
10.05	Form of Award Agreement under 2010 Long Term Incentive Plan relating to equity compensation awards to Eligible Directors.*
10.06	Guidelines for Transfer of AllianceBernstein L.P. Units.
10.07	Employment Agreement among Peter S. Kraus, AllianceBernstein Corporation, AllianceBernstein Holding L.P. and AllianceBernstein L.P., dated as of June 21, 2012 (incorporated by reference to Exhibit 99.01 to Form 8-K/A, as filed June 26, 2012).*
10.08	Amendment No. 1 to Employment Agreement dated as of December 19, 2008 among Peter S. Kraus, AllianceBernstein Corporation, AllianceBernstein Holding L.P. and AllianceBernstein L.P., dated as of June 21, 2012 (incorporated by reference to Exhibit 99.02 to Form 8-K, as filed June 21, 2012).*
10.09	Summary of AllianceBernstein's Lease at 1345 Avenue of the Americas, New York, New York 10105 (incorporated by reference to Exhibit 10.07 to Form 10-K for the fiscal year ended December 31, 2011, as filed February 10, 2012).
10.10	Revolving Credit Agreement, dated as of December 9, 2010 and Amended and Restated as of January 17, 2012, among AllianceBernstein L.P. and Sanford C. Bernstein & Co., LLC, as Borrowers; Bank of America, N.A., as Administrative Agent; Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, as Joint Lead Arrangers and Joint Book Managers, and the other lenders party thereto (incorporated by reference to Exhibit 10.01 to Form 8-K, as filed January 20, 2012).

[Table of Contents](#)

10.11	Form of Award Agreement under the Special Option Program (incorporated by reference to Exhibit 10.05 to Form 10-K for the fiscal year ended December 31, 2008, as filed February 23, 2009).*
10.12	Amended and Restated Commercial Paper Dealer Agreement, dated as of February 10, 2009, among Banc of America Securities LLC, Merrill Lynch Money Markets Inc., Deutsche Bank Securities Inc. and AllianceBernstein L.P. (incorporated by reference to Exhibit 10.11 to Form 10-K for the fiscal year ended December 31, 2008, as filed February 23, 2009).
10.13	Employment Agreement among Peter S. Kraus, AllianceBernstein Corporation, AllianceBernstein Holding L.P. and AllianceBernstein L.P., dated as of December 19, 2008 (incorporated by reference to Exhibit 99.02 to Form 8-K, as filed December 24, 2008).*
10.14	Amended and Restated 1997 Long Term Incentive Plan, as amended through November 28, 2007 (incorporated by reference to Exhibit 10.02 to Form 10-K for the fiscal year ended December 31, 2007, as filed February 25, 2008).*
10.15	Amended and Restated Issuing and Paying Agency Agreement, dated as of May 3, 2006 (incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarterly period ended March 31, 2006, as filed May 8, 2006).
10.16	Investment Advisory and Management Agreement for MONY Life Insurance Company (incorporated by reference to Exhibit 10.4 to Form 10-K for the fiscal year ended December 31, 2004, as filed March 15, 2005).
10.17	Investment Advisory and Management Agreement for the General Account of AXA Equitable Life Insurance Company (incorporated by reference to Exhibit 10.5 to Form 10-K for the fiscal year ended December 31, 2004, as filed March 15, 2005).
10.18	Alliance Capital Management L.P. Partners Plan of Repurchase adopted as of February 20, 2003 (incorporated by reference to Exhibit 10.2 to Form 10-K for the fiscal year ended December 31, 2002, as filed March 27, 2003).
10.19	Services Agreement dated as of April 22, 2001 between Alliance Capital Management L.P. and AXA Equitable Life Insurance Company (incorporated by reference to Exhibit 10.19 to Form 10-K for the fiscal year ended December 31, 2001, as filed March 28, 2002).
10.20	Extendible Commercial Notes Dealer Agreement, dated as of December 14, 1999 (incorporated by reference to Exhibit 10.10 to the Form 10-K for the fiscal year ended December 31, 1999, as filed March 28, 2000).
10.21	Amended and Restated Investment Advisory and Management Agreement dated January 1, 1999 among Alliance Capital Management Holding L.P., Alliance Corporate Finance Group Incorporated, and AXA Equitable Life Insurance Company (incorporated by reference to Exhibit (a)(6) to Form 10-Q/A for the quarterly period ended September 30, 1999, as filed on September 28, 2000).
10.22	Amended and Restated Accounting, Valuation, Reporting and Treasury Services Agreement dated January 1, 1999 between Alliance Capital Management Holding L.P., Alliance Corporate Finance Group Incorporated, and AXA Equitable Life Insurance Company (incorporated by reference to Exhibit (a)(7) to the Form 10-Q/A for the quarterly period ended September 30, 1999, as filed September 28, 2000).
10.23	Alliance Capital Accumulation Plan (incorporated by reference to Exhibit 10.11 to Form 10-K for the fiscal year ended December 31, 1988, as filed March 31, 1989).*
12.01	AllianceBernstein Consolidated Ratio of Earnings to Fixed Charges in respect of the years ended December 31, 2013, 2012 and 2011.
21.01	Subsidiaries of AllianceBernstein.
23.01	Consent of PricewaterhouseCoopers LLP.
31.01	Certification of Mr. Kraus furnished pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02	Certification of Mr. Weisenseel furnished pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01	Certification of Mr. Kraus furnished for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.02	Certification of Mr. Weisenseel furnished for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
*	Denotes a compensatory plan or arrangement

Signatures

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

AllianceBernstein L.P.

Date: February 12, 2014

By: /s/ Peter S. Kraus

Peter S. Kraus

Chairman of the Board and Chief Executive Officer

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

Date: February 12, 2014

/s/ John C. Weisenseel

John C. Weisenseel

Chief Financial Officer

Date: February 12, 2014

/s/ Edward J. Farrell

Edward J. Farrell

Chief Accounting Officer

Directors

/s/ Peter S. Kraus
Peter S. Kraus
Chairman of the Board

/s/ Christopher M. Condrón
Christopher M. Condrón
Director

/s/ Henri de Castries
Henri de Castries
Director

/s/ Denis Duverne
Denis Duverne
Director

/s/ Steven G. Elliott
Steven G. Elliott
Director

/s/ Deborah S. Hechinger
Deborah S. Hechinger
Director

/s/ Weston M. Hicks
Weston M. Hicks
Director

/s/ Mark Pearson
Mark Pearson
Director

/s/ Scott A. Schoen
Scott A. Schoen
Director

/s/ Lorie A. Slutsky
Lorie A. Slutsky
Director

/s/ Christian Thimann
Christian Thimann
Director

/s/ Peter J. Tobin
Peter J. Tobin
Director

/s/ Joshua A. Weinreich
Joshua A. Weinreich
Director

SCHEDULE II

**AllianceBernstein L.P.
Valuation and Qualifying Account - Allowance for Doubtful Accounts
For the Three Years Ending December 31, 2013, 2012 and 2011**

<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Credited to Costs and Expenses</u>	<u>Deductions</u>	<u>Balance at End of Period</u>
	(in thousands)			
For the year ended December 31, 2011	\$ 876	\$ -	\$ 124 (a)	\$ 752
For the year ended December 31, 2012	\$ 752	\$ 100	\$ 8 (b)	\$ 844
For the year ended December 31, 2013	\$ 844	\$ -	\$ 81 (c)	\$ 763

(a) Includes accounts written-off as uncollectible of \$123 and a net reduction to the allowance balance of \$1.

(b) Includes accounts written-off as uncollectible of \$15 and a net addition to the allowance balance of \$7.

(c) Includes accounts written-off as uncollectible of \$84 and a net addition to the allowance balance of \$3.

**Report of Independent Registered Public Accounting Firm on
Financial Statement Schedule**

To the General Partner and Unitholders of
AllianceBernstein L.P.:

Our audits of the consolidated financial statements and of the effectiveness of internal control over financial reporting referred to in our report dated February 12, 2014, appearing in Item 8, also included an audit of the financial statement schedule listed in Item 15(a) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 12, 2014

CONTINGENT VALUE RIGHTS AGREEMENT

by and between

ALLIANCEBERNSTEIN L.P.

and

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC

Dated as of December 12, 2013

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION	1
SECTION 1.1 Definitions	1
SECTION 1.2 Compliance and Opinions	8
SECTION 1.3 Form of Documents Delivered to Trustee	9
SECTION 1.4 Acts of Holders	9
SECTION 1.5 Notices, etc., to Trustee and Company	10
SECTION 1.6 Notice to Holders; Waiver	11
SECTION 1.7 Conflict with Trust Indenture Act	11
SECTION 1.8 Effect of Headings and Table of Contents	11
SECTION 1.9 Benefits of Agreement	11
SECTION 1.10 Governing Law	12
SECTION 1.11 Legal Holidays	12
SECTION 1.12 Separability Clause	12
SECTION 1.13 No Recourse Against Others	13
SECTION 1.14 Counterparts	13
SECTION 1.15 Acceptance of Trust	13
SECTION 1.16 Termination	13
ARTICLE 2 SECURITY FORMS	13
SECTION 2.1 Forms Generally	13
ARTICLE 3 THE SECURITIES	14
SECTION 3.1 Title and Payment Terms	14
SECTION 3.2 Registrable Form	15
SECTION 3.3 Execution, Authentication, Delivery and Dating	15
SECTION 3.4 Temporary Securities	15
SECTION 3.5 Registration, Registration of Transfer and Exchange	16
SECTION 3.6 Mutilated, Destroyed, Lost and Stolen Securities	17
SECTION 3.7 Payments with Respect to CVR Certificates	17
SECTION 3.8 Persons Deemed Owners	17
SECTION 3.9 Cancellation	18
SECTION 3.10 CUSIP Numbers	18
ARTICLE 4 THE TRUSTEE	18
SECTION 4.1 Certain Duties and Responsibilities	18
SECTION 4.2 Certain Rights of Trustee	19
SECTION 4.3 Notice of Breach	20
SECTION 4.4 Not Responsible for Recitals or Issuance of Securities	21
SECTION 4.5 May Hold Securities	21
SECTION 4.6 Money Held in Trust	21

SECTION 4.7	Compensation and Reimbursement	21
SECTION 4.8	Disqualification; Conflicting Interests	21
SECTION 4.9	Corporate Trustee Required; Eligibility	22
SECTION 4.10	Resignation and Removal; Appointment of Successor	22
SECTION 4.11	Acceptance of Appointment of Successor	23
SECTION 4.12	Merger, Conversion, Consolidation or Succession to Business	24
SECTION 4.13	Preferential Collection of Claims Against Company	24
ARTICLE 5 HOLDERS' LISTS AND REPORTS BY THE TRUSTEE AND COMPANY		24
SECTION 5.1	Company to Furnish Trustee with Names and Addresses of Holders	24
SECTION 5.2	Preservation of Information; Communications to Holders	24
SECTION 5.3	Reports by Trustee	25
SECTION 5.4	Reports by Company	25
ARTICLE 6 AMENDMENTS		26
SECTION 6.1	Amendments without Consent of Holders	26
SECTION 6.2	Amendments with Consent of Holders	27
SECTION 6.3	Execution of Amendments	27
SECTION 6.4	Effect of Amendments; Notice to Holders	27
SECTION 6.5	Conformity with Trust Indenture Act	28
SECTION 6.6	Reference in Securities to Amendments	28
ARTICLE 7 COVENANTS		28
SECTION 7.1	Payment of Amounts, if any, to Holders	28
SECTION 7.2	Maintenance of Office or Agency	28
SECTION 7.3	Money for Security Payments to Be Held in Trust	29
SECTION 7.4	Certain Purchases and Sales	30
SECTION 7.5	Books and Records	30
SECTION 7.6	AUM Review Procedures	30
SECTION 7.7	Restrictive Covenants	31
SECTION 7.8	Milestone	31
SECTION 7.9	Notice of Breach	32
SECTION 7.10	Non-Use of Name	32
SECTION 7.11	Mid-Month Measurement	32
ARTICLE 8 REMEDIES OF THE TRUSTEE AND HOLDERS IN THE EVENT OF BREACH		32
SECTION 8.1	Breach Defined; Waiver of Breach	32
SECTION 8.2	Collection by the Trustee; the Trustee May Prove Payment Obligations	34
SECTION 8.3	Application of Proceeds	35
SECTION 8.4	Suits for Enforcement	36
SECTION 8.5	Restoration of Rights on Abandonment of Proceedings	36
SECTION 8.6	Limitations on Suits by Holders	36
SECTION 8.7	Unconditional Right of Holders to Institute Certain Suits	37

SECTION 8.8	Powers and Remedies Cumulative; Delay or Omission Not Waiver of Breach	37
SECTION 8.9	Control by Holders	37
SECTION 8.10	Waiver of Past Breaches	38
SECTION 8.11	Trustee to Give Notice of Breach, But May Withhold in Certain Circumstances	38
SECTION 8.12	Right of Court to Require Filing of Undertaking to Pay Costs	38
ARTICLE 9 CONSOLIDATION, MERGER, SALE OR CONVEYANCE		39
SECTION 9.1	Company May Consolidate, etc., on Certain Terms	39
SECTION 9.2	Successor Person Substituted	39
SECTION 9.3	Opinion of Counsel to Trustee	40
SECTION 9.4	Successors	40

Annex A — Form of CVR Certificate

Note: This table of contents shall not, for any purpose, be deemed to be a part of this CVR Agreement.

Reconciliation and tie between Trust Indenture Act of 1939 and Contingent Value Rights Agreement, dated as of December 12, 2013.

Trust Indenture Act Section	Agreement Section
Section 310(a)(1)	4.9
(a)(2)	4.9
(a)(3)	Not Applicable
(a)(4)	Not Applicable
(a)(5)	4.9
(b)	4.8, 4.10
Section 311(a)	4.13
(b)	4.13
Section 312(a)	5.1, 5.2(a)
(b)	5.2(b)
(c)	5.2(c)
Section 313(a)	5.3(a)
(b)	5.3(a)
(c)	5.3(a)
(d)	5.3(b)
Section 314(a)	5.4
(b)	Not Applicable
(c)(1)	1.2(a)
(c)(2)	1.2(a)
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	1.2(b)
Section 315(a)	4.1(a), 4.1(b)
(b)	8.11
(c)	4.1(a)
(d)	4.1(c)
(d)(1)	4.1(a), 4.1(b)
(d)(2)	4.1(c)(ii)
(d)(3)	4.1(c)(iii)
(e)	8.12
Section 316(a)(last sentence)	1.1 (Definition of “Outstanding”)
(a)(1)(A)	8.9
(a)(1)(B)	8.10
(a)(2)	Not Applicable
(b)	8.7
Section 317(a)(1)	8.2
(a)(2)	8.2
(b)	7.3
Section 318(a)	1.7

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of this CVR Agreement.

THIS CONTINGENT VALUE RIGHTS AGREEMENT, dated as of December 12, 2013 (this "CVR Agreement"), by and between AllianceBernstein L.P., a Delaware limited partnership (the "Company"), and American Stock Transfer & Trust Company, LLC, a New York limited liability trust company, as trustee (the "Trustee"), in favor of each person who from time to time holds one or more Contingent Value Rights (the "Securities" or "CVRs" and, each individually, a "Security" or a "CVR") to receive cash payments in the amounts and subject to the terms and conditions set forth herein.

WITNESSETH:

WHEREAS, this CVR Agreement is entered into pursuant to the Agreement and Plan of Merger, dated as of August 15, 2013 (the "Merger Agreement"), by and among the Company, AllianceBernstein 2013 Merger Company, Inc. ("Merger Sub") and W.P. Stewart & Co., Ltd. ("WPS");

WHEREAS, pursuant to the Merger Agreement, Merger Sub shall merge with and into WPS (the "Merger"), with WPS being the surviving corporation in the Merger and becoming a wholly owned Subsidiary of the Company;

WHEREAS, the CVRs shall be issued in accordance with and pursuant to the terms of the Merger Agreement; and

WHEREAS, a registration statement on Form S-4 (No. 333-191155) with respect to the CVRs has been prepared and filed by the Company with the Commission (as defined below) and has become effective in accordance with the Securities Act of 1933, as amended.

NOW, THEREFORE, in consideration of the foregoing premises and the consummation of the transactions contemplated by the Merger Agreement, it is covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.1 Definitions. For all purposes of this CVR Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the terms defined in this Article 1 have the meanings assigned to them in this Article, and include the plural as well as the singular;
 - (b) all accounting terms used herein and not expressly defined herein shall, except as otherwise noted, have the meanings assigned to such terms in accordance with applicable Accounting Standards, where "Accounting Standards" means generally accepted accounting principles in the United States of America at the time of any computation;
 - (c) all capitalized terms used in this CVR Agreement without definition shall have the respective meanings ascribed to them in the Merger Agreement;
-

(d) all other terms used herein which are defined in the Trust Indenture Act (as defined herein), either directly or by reference therein, have the respective meanings assigned to them therein; and

(e) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this CVR Agreement as a whole and not to any particular Article, Section or other subdivision.

“Act” shall have the meaning set forth in Section 1.4 of this CVR Agreement.

“Acting Holders” means, at the time of determination, Holders of at least a majority of the Outstanding CVRs.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Annual AUM Report” shall have the meaning set forth in Section 7.6 of this CVR Agreement.

“Assets Under Management” means, without duplication, the assets under management (i) in the Mutual Fund (which shall be deemed to include (x) the assets under management in any Successor Mutual Fund except for the amount of assets under management of the fund into which the Mutual Fund is merged as of immediately prior to the effective time of such merger that remain assets of the Successor Mutual Fund immediately following the effective time of such merger, and (y) any growth in such invested assets or in other assets of the Successor Mutual Fund following such merger), (ii) in the Private Funds (which shall be deemed to include (x) the assets under management in any Successor Private Fund except for the amount of assets under management of the fund into which the applicable Private Fund is merged as of immediately prior to the effective time of such merger that remain assets of the Successor Private Fund immediately following the effective time of such merger, and (y) any growth in such invested assets or in other assets of the Successor Private Fund following such merger), and (iii) in any separately managed accounts to the extent advised or sub-advised by WPS Group (which shall be deemed to include all such accounts of WPS immediately prior to the Merger that continue under management by the Company or its subsidiaries following the Merger, and any assets in any other accounts to the extent managed by the Company or any of its subsidiaries through any member of the WPS Group following the Merger) other than assets in accounts serviced by the Global Wealth Management Group of the Company on a discretionary basis immediately prior to such accounts being advised or sub-advised by WPS Group (provided that any growth in such assets thereafter and new assets added to such accounts thereafter shall be included in Assets Under Management); provided, that, except as provided in each of (i) – (iii), any assets under management resulting from the investment of funds managed by the Company or any of its Affiliates other than WPS Group shall be excluded from Assets Under Management.

“AUM Milestone” means the first date, on or prior to the third anniversary of the date on which the Effective Time (as defined in the Merger Agreement) of the Merger occurs, on which any one or more of the following shall occur: (i) Assets Under Management exceeds \$5,000,000,000 (provided, that such date shall be either (x) the last day of a calendar month or (y) a Mid-Month Measuring Date), (ii) any merger or consolidation of WPS with or into any Person or any sale or disposition to any Person or Persons of all or substantially all of the common stock or assets of WPS in any transaction or series of transactions, unless in each case the Company or one or more of its Affiliates (or their ultimate parent company) would wholly own (other than any employee equity interests) the surviving or resulting company or substantially all of the assets used in the investment advisory business of WPS immediately thereafter (for the avoidance of doubt, not including any consolidation or merger, share exchange, reorganization, tender or exchange offer or any other business combination transaction involving the Company or any parent company of the Company), (iii) the discontinuation or cessation of all or substantially all of the business of WPS Group, (iv) any willful and material Breach of the Specified Conduct obligations set forth in Section 7.8 of this CVR Agreement, or (v) the occurrence of any Breach that materially and adversely impacts the ability to achieve the AUM Milestone.

“AUM Milestone Payment” means four dollars (\$4.00) per CVR.

“AUM Milestone Payment Date” means, with respect to the AUM Milestone, the date that is twenty (20) Business Days following the date of the achievement of the AUM Milestone.

“AUM Record Date” shall have the meaning set forth in Section 3.1(c) of this CVR Agreement.

“AUM Statement” shall have the meaning set forth in Section 5.4 of this CVR Agreement.

“AXA” means AXA, a *société anonyme* organized under the laws of France, and its Affiliates (other than AllianceBernstein Holding L.P., the Company and the controlled Affiliates thereof).

“Board of Directors” means the Board of Directors of the General Partner of AllianceBernstein L.P. or any other body performing similar functions, or any duly authorized committee of that board.

“Board Resolution” means a copy of a resolution certified by the Chairman of the Board of Directors, the Chief Executive Officer or the Corporate Secretary to the Board of Directors, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“Breach” shall have the meaning set forth in Section 8.1 of this CVR Agreement.

“Breach Interest Rate” means a per annum rate equal to the prime rate of interest quoted by Bloomberg, or similar reputable data source, plus three percent (3%), calculated daily on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months or, if lower, the highest rate permitted under applicable Law.

“Business Day” means any day (other than a Saturday or a Sunday) on which banking institutions in The City of New York, New York are not authorized or obligated by Law or executive order to close and, if the CVRs are listed on a national securities exchange, electronic trading network or other suitable trading platform, such exchange, electronic network or other trading platform is open for trading on which the CVRs are primarily listed.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission” means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

“Common Stock” means the common stock, par value \$0.01 per share, of WPS.

“Company” means the Person named as the “Company” in the first paragraph of this CVR Agreement, until a successor Person shall have become such pursuant to the applicable provisions of this CVR Agreement, and thereafter “Company” shall mean such successor Person.

“Company Request” or “Company Order” means a written request or order signed in the name of the Company by the chairman of the Board of Directors, the Chief Executive Officer, a president or any vice president, or any other person duly authorized to act on behalf of the Company for such purpose or for any general purpose, and delivered to the Trustee.

“Competing Product” shall have the meaning set forth in Section 7.8 of this CVR Agreement.

“Corporate Trust Office” means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date of execution of this CVR Agreement is located at 6201 15th Avenue, Brooklyn, New York 11219.

“CVRs” shall have the meaning set forth in the Preamble of this CVR Agreement.

“CVR Agreement” means this instrument as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof.

“CVR Certificate” means a certificate representing any of the CVRs; provided, that, notwithstanding anything in this CVR Agreement to the contrary, the CVRs may be issued in book-entry form and, if so issued, any reference herein to a “CVR Certificate” shall be deemed to include CVRs issued in book-entry form, to the extent applicable, and, notwithstanding anything in this CVR Agreement to the contrary, CVRs so issued shall be deemed authenticated upon valid delivery thereof by the Trustee to the depository of the CVRs or its nominee; provided, further, that if a CVR is so issued in book-entry form, then where this CVR Agreement calls for presentment or surrender of any CVR Certificate, presentment or surrender of the beneficial interest of such CVR Certificate may be made in accordance with such depository’s or its nominee’s applicable procedures.

“CVR Shortfall” shall have the meaning set forth in Section 7.6(b) of this CVR Agreement.

“Diligent Efforts” means the efforts that a Person operating a business similar to the business of such Person would use in the reasonable exercise of discretion and good faith, as judged by the standards of the applicable business community, taking into consideration such Person’s own interests and financial and operating limitations; provided, however, that such efforts do not require such Person to incur a financial detriment in excess of what is, or spend in excess of what is, reasonable in relation to the benefit to be obtained by such Person from the transaction to which such efforts relate. The performance by the Company of the Specified Conduct shall create a presumption that the Company has used Diligent Efforts to achieve the AUM Milestone.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchange Act Documents” shall have the meaning set forth in Section 5.4 of this CVR Agreement.

“Final AUM Report” shall have the meaning set forth in Section 7.6 of this CVR Agreement.

“Governmental Entity” means any domestic (federal or state), or foreign court, commission, governmental body, regulatory or administrative agency or other political subdivision thereof.

“Holder” means a Person in whose name a Security is registered in the Security Register.

“Independent Accountant” shall have the meaning set forth in Section 7.6(a) of this CVR Agreement.

“Initial CVR Securities” means the aggregate amount of Securities issued pursuant to the terms of the Merger Agreement.

“Law” means any foreign, federal, state, local or municipal laws, rules, judgments, orders, regulations, statutes, ordinances, codes, decisions, injunctions, decrees, international treaties and conventions or requirements of any Governmental Entity.

“Merger” shall have the meaning set forth in the Recitals of this CVR Agreement.

“Merger Agreement” shall have the meaning set forth in the Recitals of this CVR Agreement.

“Merger Sub” shall have the meaning set forth in the Recitals of this CVR Agreement.

“Mid-Month Measuring Date” shall have the meaning set forth in Section 7.11 of this CVR Agreement.

“Month-End Triggering Date” shall have the meaning set forth in Section 7.11 of this CVR Agreement.

“Mutual Fund” means W.P. Stewart & Co. Growth Fund and any other open-end investment company, closed-end investment company, unit investment trust or business development company registered or required to be registered under the Investment Company Act of 1940, as amended, and the rules and regulations thereunder, that is advised or sub-advised by WPS Group.

“Officer’s Certificate” when used with respect to the Company means a certificate signed by the Chief Executive Officer, a president or any vice president, the Chief Financial Officer or any other person duly authorized to act on behalf of the Company for such purpose or for any general purpose.

“Opinion of Counsel” means a written opinion of counsel, who may be counsel for the Company.

“Outstanding” when used with respect to Securities (“Outstanding Securities”) means, as of the date of determination, all Securities theretofore authenticated and delivered under this CVR Agreement, except: (a) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation and (b) Securities in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this CVR Agreement, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands the Securities are valid obligations of the Company, provided, however, that in determining whether the Holders of the requisite Outstanding Securities have given any request, demand, authorization, direction, consent, waiver or other action hereunder, Securities owned by the Company or any of its Affiliates, whether held as treasury securities or otherwise, shall be disregarded and deemed not to be Outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such request, demand, authorization, direction, consent, waiver or other action, only Securities that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded (but the Trustee need not confirm or investigate the accuracy of mathematical calculations or other facts stated in such request, demand, authorization, direction, consent, waiver or other action).

“Party” shall mean the Trustee, the Company and/or Holder(s), as applicable.

“Paying Agent” means any Person authorized by the Company to pay the amount determined pursuant to Section 3.1, if any, on any Securities on behalf of the Company.

“Person” means any individual, corporation, partnership, joint venture, association, jointstock company, trust, limited liability company, unincorporated organization or government or any agency or political subdivision thereof.

“Private Fund” means any pooled investment vehicle, other than the Mutual Fund, that is sponsored or controlled by WPS or any of its subsidiaries or for which WPS or any of its subsidiaries acted as investment adviser, sub-adviser, general partner, managing member or manager, in each case, prior to the Merger, as well as each pooled investment vehicle, other than the Mutual Fund or any Successor Mutual Fund, for which WPS Group is the adviser, sub-adviser, general partner, managing member or manager following the Merger.

“Responsible Officer” when used with respect to the Trustee means any officer assigned to the Corporate Trust Office and also means, with respect to any particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

“Securities” shall have the meaning set forth in the Preamble of this CVR Agreement.

“Security Register” shall have the meaning set forth in Section 3.5(a) of this CVR Agreement.

“Security Registrar” shall have the meaning set forth in Section 3.5(a) of this CVR Agreement.

“Shortfall Interest Rate” means a per annum rate equal to the prime rate of interest quoted by Bloomberg, or similar reputable data source, plus two percent (2%), calculated daily on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months or, if lower, the highest rate permitted under applicable Law.

“Specified Conduct” shall have the meaning set forth in Section 7.8 of this CVR Agreement.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, association, partnership or other business entity of which more than fifty percent (50%) of the total voting power of shares of Voting Securities is at the time owned or controlled, directly or indirectly, by: (a) such Person; (b) such Person and one or more Subsidiaries of such Person; or (c) one or more Subsidiaries of such Person.

“Successor Mutual Fund” means any open-end investment company, closed-end investment company, unit investment trust or business development company registered or required to be registered under the Investment Company Act of 1940, as amended, and the rules and regulations thereunder, into which the Mutual Fund is merged and for which the Company or any of its Subsidiaries acts as investment adviser, sub-adviser, sponsor or manager.

“Successor Private Fund” means any pooled investment vehicle other than any Mutual Fund or Successor Mutual Fund into which any Private Fund is merged.

“Tax” means any federal, state, local or foreign income, profits, gross receipts, license, payroll, employment, severance, stamp, occupation, premium, windfall profits, environmental, customs duty, capital stock, franchise, sales, social security, unemployment, disability, use, property, withholding, excise, transfer, registration, production, value added, alternative minimum, occupancy, estimated or any other tax of any kind whatsoever, together with any interest, penalty or addition thereto, imposed by any Governmental Entity responsible for the imposition of any such tax, whether disputed or not.

“Tax Return” means any return, report, declaration, claim or other statement (including attached schedules) relating to Taxes.

“Termination Date” means the earlier of (a) the third anniversary of the date on which the Effective Time of the Merger occurs and (b) ten (10) days after the date on which the Holders are paid the AUM Milestone Payment by the Trustee or the Paying Agent, as applicable.

“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended from time to time.

“Trustee” means the Person named as the “Trustee” in the first paragraph of this CVR Agreement, until a successor Trustee shall have become such pursuant to the applicable provisions of this CVR Agreement, and thereafter “Trustee” shall mean such successor Trustee.

“Voting Securities” means securities or other interests, including general or limited partnership interests, having voting power, or the right, to elect or appoint a majority of the directors, or any Persons performing similar functions, irrespective of whether or not stock or other interests of any other class or classes shall have or might have voting power or any right by reason of the happening of any contingency.

“WPS” shall have the meaning set forth in the Recitals of this CVR Agreement.

“WPS Group” means, without duplication, (i) WPS and its subsidiaries and (ii) to the extent providing services to the Company or any of its Affiliates (including WPS and its subsidiaries), whether as employee, consultant or independent contractor, the investment professionals who provided investment advisory services on behalf of WPS or any of its subsidiaries immediately prior to the consummation of the Merger, and (iii) employees, consultants and independent contractors of the Company or any of its Affiliates (including WPS and its subsidiaries) who continue WPS’s investment business as was in effect immediately prior to the consummation of the Merger (i.e., new hires in connection with the growth of the WPS business or to replace employees who have or have been terminated), as determined in the Company’s reasonable discretion.

SECTION 1.2 Compliance and Opinions.

(a) Upon any application or request by the Company to the Trustee to take any action under any provision of this CVR Agreement, the Company shall furnish to the Trustee an Officers’ Certificate stating that, in the opinion of the signor, all conditions precedent, if any, provided for in this CVR Agreement relating to the proposed action have been complied with and an Opinion of Counsel stating, subject to customary exceptions, that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this CVR Agreement relating to such particular application or request, no additional certificate or opinion need be furnished.

(b) Every certificate or opinion with respect to compliance with a condition or covenant provided for in this CVR Agreement shall include: (i) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 1.3 Form of Documents Delivered to Trustee.

(a) In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(b) Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company.

(c) Any certificate, statement or opinion of an officer of the Company or of counsel may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an accountant or firm of accountants in the employ of the Company. Any certificate or opinion of any independent firm of public accountants filed with the Trustee shall contain a statement that such firm is independent.

(d) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this CVR Agreement, they may, but need not, be consolidated and form one instrument.

SECTION 1.4 Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this CVR Agreement to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this CVR Agreement and (subject to Section 4.1) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section 1.4. The Company may set a record date for purposes of determining the identity of Holders entitled to vote or consent to any action by vote or consent authorized or permitted under this CVR Agreement, which date shall be no greater than ninety (90) days and no less than ten (10) days prior to the date of such vote or consent to any action by vote or consent authorized or permitted under this CVR Agreement. If not previously set by the Company, (i) the record date for determining the Holders entitled to vote at a meeting of the Holders shall be the date preceding the date notice of such meeting is mailed to the Holders, or if notice is not given, on the day next preceding the day such meeting is held, and (ii) the record date for determining the Holders entitled to consent to any action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company. If a record date is fixed, those Persons who were Holders of Securities at such record date (or their duly designated proxies), and only those Persons, shall be entitled to take such action by vote or consent or, except with respect to clause (d) below, to revoke any vote or consent previously given, whether or not such Persons continue to be Holders after such record date. No such vote or consent shall be valid or effective for more than one hundred twenty (120) days after such record date.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any reasonable manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the Security Register. Neither the Company nor the Trustee nor any Agent of the Company or the Trustee shall be affected by any notice to the contrary.

(d) At any time prior to (but not after) the evidencing to the Trustee, as provided in this Section 1.4, of the taking of any action by the Holders of the Securities specified in this CVR Agreement in connection with such action, any Holder of a Security the serial number of which is shown by the evidence to be included among the serial numbers of the Securities the Holders of which have consented to such action may, by filing written notice at the Corporate Trust Office and upon proof of holding as provided in this Section 1.4, revoke such action so far as concerns such Security. Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Security shall bind every future Holder of the same Security or the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, suffered or omitted to be done by the Trustee, any Paying Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

SECTION 1.5 Notices, etc., to Trustee and Company. Any request, demand, authorization, direction, notice, consent, waiver or Act of the Holders or other document provided or permitted by this CVR Agreement to be made upon, given or furnished to, or filed with:

(a) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed, in writing, to or with the Trustee at its Corporate Trust Office; or

(b) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Company addressed to it at AllianceBernstein L.P., 1345 Avenue of the Americas, New York, NY 10105, Attention: Laurence E. Cranch, or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 1.6 Notice to Holders; Waiver.

(a) Where this CVR Agreement provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at the Holder's address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this CVR Agreement provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

(b) In case by reason of the suspension of regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event as required by any provision of this CVR Agreement, then any method of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

SECTION 1.7 Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this CVR Agreement by any of the provisions of the Trust Indenture Act, such required provision shall control.

SECTION 1.8 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.9 Benefits of Agreement. Nothing in this CVR Agreement or in the Securities, express or implied, shall give to any Person (other than the Parties hereto and their successors hereunder, any Paying Agent and the Holders) any benefit or any legal or equitable right, remedy or claim under this CVR Agreement or under any covenant or provision herein contained, all such covenants and provisions being for sole benefit of the Parties hereto and their successors, any Paying Agent and of the Holders.

SECTION 1.10 Governing Law. THIS CVR AGREEMENT AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS CVR AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS CVR AGREEMENT (INCLUDING ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATED TO ANY REPRESENTATION OR WARRANTY MADE IN OR IN CONNECTION WITH THIS CVR AGREEMENT OR AS AN INDUCEMENT TO ENTER INTO THIS CVR AGREEMENT) OR THE SECURITIES, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF. EACH OF THE COMPANY, THE TRUSTEE AND EACH OF THE HOLDERS BY THEIR ACCEPTANCE OF THE SECURITIES, HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK OR ANY FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN RESPECT OF ALL CLAIMS OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS CVR AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS CVR AGREEMENT (INCLUDING ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATED TO ANY REPRESENTATION OR WARRANTY MADE IN OR IN CONNECTION WITH THIS CVR AGREEMENT OR AS AN INDUCEMENT TO ENTER INTO THIS CVR AGREEMENT), OR THE SECURITIES, AND IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, JURISDICTION OF THE AFORESAID COURTS. EACH OF THE COMPANY AND THE TRUSTEE AGREES THAT PROCESS MAY BE SERVED UPON THEM IN ANY MANNER AUTHORIZED BY THE LAWS OF THE STATE OF NEW YORK FOR SUCH PERSONS. EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, COUNTERCLAIM OR OTHERWISE, IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS CVR AGREEMENT (A) THE DEFENSE OF SOVEREIGN IMMUNITY, (B) ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF THE ABOVE-NAMED COURTS FOR ANY REASON OTHER THAN THE FAILURE TO SERVE PROCESS IN ACCORDANCE WITH THIS SECTION 1.10, (C) THAT IT OR ITS PROPERTY IS EXEMPT OR IMMUNE FROM JURISDICTION OF ANY SUCH COURT OR FROM ANY LEGAL PROCESS COMMENCED IN SUCH COURTS (WHETHER THROUGH SERVICE OF NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OF JUDGMENT, EXECUTION OF JUDGMENT OR OTHERWISE), AND (D) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW THAT (I) THE SUIT, ACTION OR PROCEEDING IN SUCH COURT IS BROUGHT IN AN INCONVENIENT FORUM, (II) THE VENUE OF SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER AND (III) THIS CVR AGREEMENT, OR THE SUBJECT MATTER HEREOF, MAY NOT BE ENFORCED IN OR BY SUCH COURTS.

SECTION 1.11 Legal Holidays. In the event that the AUM Milestone Payment Date shall not be a Business Day, then (notwithstanding any provision of this CVR Agreement or the Securities to the contrary) payment on the Securities need not be made on such date, but may be made, without the accrual of any interest thereon, on the next succeeding Business Day with the same force and effect as if made on such Payment Date.

SECTION 1.12 Separability Clause. In the event any provision in this CVR Agreement or in the CVRs shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.13 No Recourse Against Others. No director, officer or employee, as such, of the Company or an Affiliate of the Company or the Trustee shall have any liability for any obligations of the Company or the Trustee under the Securities or this CVR Agreement or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

SECTION 1.14 Counterparts. This CVR Agreement shall be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this CVR Agreement.

SECTION 1.15 Acceptance of Trust. American Stock Transfer & Trust Company, LLC, the Trustee named herein, hereby accepts the trusts in this CVR Agreement declared and provided, upon the terms and conditions set forth herein.

SECTION 1.16 Termination. This CVR Agreement shall terminate and be of no further force or effect, and the parties hereto shall have no liability hereunder, at 11:59 p.m., New York City time, on the Termination Date; provided, that if the AUM Milestone has been achieved prior to the Termination Date, but the AUM Milestone Payment has not been paid on or prior to the Termination Date, this CVR Agreement shall not terminate until such AUM Milestone Payment has been paid in full in accordance with the terms of the CVR Agreement; provided, further, that the obligations of the Parties to this CVR Agreement set forth in Articles 1 and 8 and Section 4.7 shall survive termination of this CVR Agreement in accordance with its terms, and the obligations of the Parties to this CVR Agreement set forth in Sections 7.1 and 7.6 shall survive termination of this CVR Agreement for a period of forty-five (45) Business Days following the delivery of the Final AUM Report to the Holders; and provided, further, that no termination of this CVR Agreement shall be deemed to affect the rights of the parties set forth in Article 8 of this CVR Agreement to bring suit in the case of a Breach occurring prior to such Termination Date.

ARTICLE 2

SECURITY FORMS

SECTION 2.1 Forms Generally.

(a) The Securities and the Trustee's certificate of authentication shall be in the forms set forth in Annex A, attached hereto and incorporated herein by this reference, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this CVR Agreement and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may be required by Law or any rule or regulation pursuant thereto, all as may be determined by the officers executing such Securities, as evidenced by their execution of the Securities. Any portion of the text of any Security may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Security.

(b) The definitive Securities shall be typewritten, printed, lithographed or engraved on steel engraved borders or produced by any combination of these methods or may be produced in any other manner permitted by the rules of any securities exchange on which the Securities may be listed, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

ARTICLE 3

THE SECURITIES

SECTION 3.1 Title and Payment Terms.

(a) The aggregate number of CVRs in respect of which CVR Certificates may be authenticated and delivered under this CVR Agreement is limited to a number equal to 4,902,778, except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities pursuant to Section 3.4, 3.5, 3.6 or 6.6.

(b) The Securities shall be known and designated as the “Contingent Value Rights” of the Company.

(c) On the AUM Milestone Payment Date, the Company shall pay to the Trustee, by wire transfer to the account designated by the Trustee on the date hereof, an amount equal to the product of (i) the AUM Milestone Payment due on such AUM Milestone Payment Date multiplied by (ii) the number of Securities Outstanding, and the Trustee shall promptly (but in any event within two (2) Business Days) pay to each Holder of record of the Securities as of the close of business in New York City, three (3) Business Days prior to such AUM Milestone Payment Date (an “AUM Record Date”) an amount equal to the product of (i) such AUM Milestone Payment multiplied by (ii) the number of Securities held by such Holder as of such AUM Record Date. Notwithstanding the foregoing, in no event shall the Company be required to pay the AUM Milestone Payment with respect to any CVR more than once, and the Company shall not be required to pay the AUM Milestone Payment if the AUM Milestone occurs after the Termination Date.

(d) The Holders of the CVR Certificates, by acceptance thereof, agree that no joint venture, partnership or other fiduciary relationship is created hereby or by the Securities.

(e) Other than in the case of interest on amounts due and payable after the occurrence of a Breach or with respect to any CVR Shortfall, no interest or dividends shall accrue on any amounts payable in respect of the CVRs.

(f) Except to the extent otherwise required pursuant to a “determination” within the meaning of Section 1313(a) of the Code, the Parties hereto shall determine the portion of any AUM Milestone Payment required to be treated as interest for U.S. federal income tax purposes pursuant to Section 483 of the Code and the Treasury Regulations promulgated thereunder.

(g) The Holder of any CVR or CVR Certificate is not, and shall not, by virtue thereof, be entitled to any rights of a holder of any Voting Securities or other equity security or other ownership interest of the Company, in any constituent company to the Merger or in any of such companies’ Affiliates or other Subsidiaries, either at Law or in equity, and the rights of the Holders are limited to those contractual rights expressed in this CVR Agreement.

(h) In the event that all of the CVR Certificates not previously cancelled shall have become due and payable pursuant to the terms hereof, all disputes with respect to amounts payable to the Holders brought pursuant to the terms and conditions of this CVR Agreement have been resolved, and the Company has paid or caused to be paid or deposited with the Trustee all amounts payable to the Holders under this CVR Agreement, then this CVR Agreement shall cease to be of further effect and shall be deemed satisfied and discharged. Notwithstanding the satisfaction and discharge of this CVR Agreement, the obligations of the Company under Section 4.7(c) shall survive.

SECTION 3.2 Registrable Form. The Securities shall be issuable only in registered form.

SECTION 3.3 Execution, Authentication, Delivery and Dating.

(a) The Securities shall be executed on behalf of the Company by its Chief Executive Officer or any other person duly authorized to act on behalf of the Company for such purpose or any general purpose, but need not be attested. The signature of any of these persons on the Securities may be manual or facsimile.

(b) Securities bearing the manual or facsimile signatures of individuals who were, at the time of execution, the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

(c) At any time and from time to time after the execution and delivery of this CVR Agreement, the Company may deliver Securities executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities; and the Trustee, in accordance with such Company Order, shall authenticate and deliver such Securities as provided in this CVR Agreement and not otherwise.

(d) Each Security shall be dated the date of its authentication.

(e) No Security shall be entitled to any benefit under this CVR Agreement or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee, by manual or facsimile signature of an authorized officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this CVR Agreement.

SECTION 3.4 Temporary Securities.

(a) Pending the preparation of definitive Securities, the Company may execute, and upon Company Order, the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine with the concurrence of the Trustee. Temporary Securities may contain such reference to any provisions of this CVR Agreement as may be appropriate. Every temporary Security shall be executed by the Company and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Securities.

(b) If temporary Securities are issued, the Company shall cause definitive Securities to be prepared without unreasonable condition or delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 7.2, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like amount of definitive Securities. Until so exchanged, the temporary Securities shall in all respects be entitled to the same benefits under this CVR Agreement as definitive Securities.

SECTION 3.5 Registration, Registration of Transfer and Exchange.

(a) The Company shall cause to be kept at the office of the Trustee a register (the register maintained in such office and in any other office or agency designated pursuant to Section 7.2 being herein sometimes referred to as the “Security Register”) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby initially appointed “Security Registrar” for the purpose of registering Securities and transfers of Securities as herein provided. Notwithstanding anything herein to the contrary, no Securities shall be transferred on the Security Register following the AUM Record Date.

(b) Upon surrender for registration of transfer of any Security at the office or agency of the Company designated pursuant to Section 7.2, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new CVR Certificates representing the same aggregate number of CVRs represented by the CVR Certificate so surrendered that are to be transferred and the Company shall execute and the Trustee shall authenticate and deliver, in the name of the transferor, one or more new CVR Certificates representing the aggregate number of CVRs represented by such CVR Certificate that are not to be transferred.

(c) At the option of the Holder, CVR Certificates may be exchanged for other CVR Certificates that represent in the aggregate the same number of CVRs as the CVR Certificates surrendered at such office or agency. Whenever any CVR Certificates are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the CVR Certificates which the Holder making the exchange is entitled to receive. If the CVRs are issued in book-entry form and any beneficial owner of book-entry CVRs notifies the Company that it requests to take delivery thereof in the form of a physical CVR Certificate, then upon presentment of such information as the Company shall reasonably request in order to verify the identity of such beneficial owner, the Company shall issue and the Trustee shall authenticate, all in accordance with Section 3.3, a CVR Certificate in respect of the beneficial interest so requested to be delivered, and the Trustee shall cause the number of CVRs in book-entry form to be reduced accordingly in accordance with Section 3.9 hereof.

(d) All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same rights, and entitled to the same benefits under this CVR Agreement, as the Securities surrendered upon such registration of transfer or exchange.

(e) Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Security Registrar) be accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

(f) No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any documentary, stamp or similar tax or other similar governmental charge payable in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Sections 3.4, 3.6 or 6.6 not involving any transfer.

SECTION 3.6 Mutilated, Destroyed, Lost and Stolen Securities.

(a) If (i) any mutilated Security is surrendered to the Trustee, or (ii) the Company and the Trustee receive evidence to their reasonable satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee an affidavit of loss in respect of such Security and an indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and, upon delivery of a Company Order, the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a new CVR Certificate of like tenor and amount of CVRs, bearing a number not contemporaneously outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Security has become or is to become finally due and payable within fifteen (15) days, the Company in its discretion may, instead of issuing a new CVR Certificate, pay to the Holder of such Security on the applicable Payment Date, as the case may be, all amounts due and payable with respect thereto.

(c) The provisions of this Section 3.6 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 3.7 Payments with Respect to CVR Certificates. Payment of any amounts pursuant to the CVRs shall be made in such coin or currency of the United States of America as at the time is legal tender for the payment of public and private debts. The Company may, at its option, pay such amounts by wire transfer or check payable in such money.

SECTION 3.8 Persons Deemed Owners. Prior to the time of due presentment for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name any Security is registered as the owner of such Security for the purpose of receiving payment on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 3.9 Cancellation. All Securities surrendered for payment, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company shall promptly deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company has acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section 3.9, except as expressly permitted by this CVR Agreement. All cancelled Securities held by the Trustee shall be destroyed and a certificate of destruction shall be issued by the Trustee to the Company, unless otherwise directed by a Company Order.

SECTION 3.10 CUSIP Numbers. The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices as a convenience to Holders; provided, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice and that reliance may be placed only on the other identification numbers printed on the Securities, and any such notice shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

ARTICLE 4

THE TRUSTEE

SECTION 4.1 Certain Duties and Responsibilities.

(a) With respect to the Holders, the Trustee, prior to the occurrence of a Breach (as defined in Section 8.1) with respect to the Securities and after the curing or waiving of all Breaches which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this CVR Agreement and no implied covenants shall be read into this CVR Agreement against the Trustee. In case a Breach with respect to the Securities has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this CVR Agreement, and use the same degree of care and skill in their exercise, as a reasonably prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) In the absence of bad faith, gross negligence or willful misconduct on its part, prior to the occurrence of a Breach and after the curing or waiving of all such Breaches which may have occurred, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee which conform to the requirements of this CVR Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this CVR Agreement.

(c) No provision of this CVR Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own willful breach of this Agreement, its own negligent failure to act, or its own willful misconduct, except that (i) this Subsection (c) shall not be construed to limit the effect of Subsections (a) and (b) of this Section 4.1; (ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and (iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders pursuant to Section 8.9 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this CVR Agreement.

(d) Whether or not therein expressly so provided, every provision of this CVR Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 4.1.

SECTION 4.2 Certain Rights of Trustee. Subject to the provisions of Section 4.1, including, without limitation, the duty of care that the Trustee is required to exercise upon the occurrence of a Breach:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document reasonably believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties hereunder and the Trustee need not investigate any fact or matter stated in the document;

(b) any request or direction or order of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution and the Trustee shall not be liable for any action it takes or omits to take in good faith reliance thereon;

(c) whenever in the administration of this CVR Agreement the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate and the Trustee shall not be liable for any action it takes or omits to take in good faith reliance thereon or an Opinion of Counsel;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this CVR Agreement at the request or direction of any of the Holders pursuant to this CVR Agreement, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, bond, debenture, note, coupon, security, or other paper or document, but the Trustee in its discretion may make such further inquiry or investigation into such facts or matters as it may see fit, and if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney, as necessary for such inquiry or investigation;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) the Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this CVR Agreement;

(i) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Paying Agent, the Security Registrar, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) in no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action; and

(k) certain of the Trustee's duties hereunder may be performed by the Paying Agent or Security Registrar.

SECTION 4.3 Notice of Breach. If a breach occurs hereunder with respect to the Securities, the Trustee shall give the Holders notice of any such breach actually known to it as and to the extent applicable and provided by the Trust Indenture Act; provided, however, that in the case of any breach of the character specified in Section 8.1(b) with respect to the Securities, no notice to Holders shall be given until at least thirty (30) days after the occurrence thereof. For the purpose of this Section 4.3, the term "breach" means any event that is, or after notice or lapse of time or both would become, a Breach with respect to the Securities.

SECTION 4.4 Not Responsible for Recitals or Issuance of Securities. The Trustee shall not be accountable for the Company's use of the Securities. The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this CVR Agreement or of the Securities.

SECTION 4.5 May Hold Securities. The Trustee, any Paying Agent, Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities, and, subject to Sections 4.8 and 4.13, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar or such other agent.

SECTION 4.6 Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by Law. The Trustee shall be under no liability for interest on any money received by it hereunder, except as otherwise agreed by the Trustee in writing with the Company.

SECTION 4.7 Compensation and Reimbursement. The Company agrees:

(a) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder in such amount as the Company and the Trustee shall agree from time to time (which compensation shall not be limited by any provision of Law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this CVR Agreement (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence, bad faith or willful misconduct; and

(c) to indemnify the Trustee and each of its agents, officers, directors and employees for, and to hold it harmless against, any loss, liability or expense (including attorneys fees and expenses) incurred without negligence or bad faith or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust and the performance of its duties hereunder, including the reasonable costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Company's payment obligations pursuant to this Section 4.7 shall survive the termination of this CVR Agreement. When the Trustee incurs expenses after the occurrence of a Breach specified in Section 8.1(c) or 8.1(d) with respect to the Company, the expenses are intended to constitute expenses of administration under bankruptcy Laws.

SECTION 4.8 Disqualification; Conflicting Interests.

(a) If applicable, to the extent that the Trustee or the Company determines that the Trustee has a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall immediately notify the Company of such conflict and, within ninety (90) days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this CVR Agreement. The Company shall take prompt steps to have a successor appointed in the manner provided in this CVR Agreement.

(b) In the event the Trustee shall fail to comply with the foregoing Subsection 4.8(a), the Trustee shall, within ten (10) days of the expiration of such ninety (90) day period, transmit a notice of such failure to the Holders in the manner and to the extent provided in the Trust Indenture Act and this CVR Agreement.

(c) In the event the Trustee shall fail to comply with the foregoing Subsection 4.8(a) after written request therefor by the Company or any Holder, any Holder of any Security who has been a bona fide Holder for at least six (6) months may on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of such Trustee and the appointment of a successor Trustee.

SECTION 4.9 Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which satisfies the applicable requirements of Sections 310(a)(1) and (5) of the Trust Indenture Act and has a combined capital and surplus of at least fifty million dollars (\$50,000,000). If such corporation publishes reports of condition at least annually, pursuant to Law or to the requirements of a supervising or examining authority, then for the purposes of this Section 4.9, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 4.9, it shall resign immediately in the manner and with the effect hereinafter specified in this Article 4.

SECTION 4.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article 4 shall become effective until the acceptance of appointment by the successor Trustee under Section 4.11.

(b) The Trustee, or any trustee or trustees hereafter appointed, may resign at any time by giving written notice thereof to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by a demand in writing by the Holders of at least a majority of the Outstanding CVRs delivered to the Trustee and to the Company.

(d) If at any time:

(i) the Trustee shall fail to comply with Section 4.8 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six (6) months; or

(ii) the Trustee shall cease to be eligible under Section 4.9 and shall fail to resign after written request therefor by the Company or by any such Holder; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any case, (A) the Company, by a Board Resolution or action of the Chief Executive Officer, may remove the Trustee, or (B) the Holder of any Security who has been a bona fide Holder of a Security for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution and/or action of the Chief Executive Officer, shall promptly appoint a successor Trustee. If, within one (1) year after any removal by the Holders of at least a majority of the Outstanding CVRs, a successor Trustee shall be appointed by act of the Holders of at least a majority of the Outstanding CVRs delivered to the Company and the retiring Trustee the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with Section 4.11, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Holders of the Securities and accepted appointment within sixty (60) days after the retiring Trustee tenders its resignation or is removed, the retiring Trustee may, or, the Holder of any Security who has been a bona fide Holder for at least six (6) months may on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of Securities as their names and addresses appear in the Security Register. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office. If the Company fails to send such notice within ten (10) days after acceptance of appointment by a successor Trustee, it shall not be a breach hereunder but the successor Trustee shall cause the notice to be mailed at the expense of the Company.

SECTION 4.11 Acceptance of Appointment of Successor.

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, upon request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

(b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article 4.

SECTION 4.12 Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, by sale or otherwise shall be the successor of the Trustee hereunder; provided, such corporation shall be otherwise qualified and eligible under this Article 4, without the execution or filing of any paper or any further act on the part of any of the Parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion, sale or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities; and such certificate shall have the full force which it is anywhere in the Securities or in this CVR Agreement provided that the certificate of the Trustee shall have; provided, that the right to adopt the certificate of authentication of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 4.13 Preferential Collection of Claims Against Company. If and when the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company (or any other obligor upon the Securities), excluding any creditor relationship set forth in Section 311(b) of the Trust Indenture Act, if applicable, the Trustee shall be subject to the applicable provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

ARTICLE 5

HOLDERS' LISTS AND REPORTS BY THE TRUSTEE AND COMPANY

SECTION 5.1 Company to Furnish Trustee with Names and Addresses of Holders. The Company shall furnish or cause to be furnished to the Trustee (a) promptly after the issuance of the Securities, and semi-annually thereafter, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of a recent date, and (b) at such times as the Trustee may request in writing, within thirty (30) days after receipt by the Company of any such request, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of a date not more than fifteen (15) days prior to the time such list is furnished; provided, however, that if and so long as the Trustee shall be the Security Registrar, no such list need be furnished.

SECTION 5.2 Preservation of Information; Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the Trustee as provided in Section 5.1 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 5.1 upon receipt of a new list so furnished.

(b) The rights of the Holders to communicate with other Holders with respect to their rights under this CVR Agreement and the corresponding rights and privileges of the Trustee shall be as provided by Section 312(b)(2) of the Trust Indenture Act, if applicable.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee shall be deemed to be in violation of Law or held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders made pursuant to the Trust Indenture Act (if applicable) regardless of the source from which such information was derived.

SECTION 5.3 Reports by Trustee.

(a) Within sixty (60) days after December 31 of each year commencing with the December 31 following the date of this CVR Agreement, the Trustee shall transmit to all Holders such reports concerning the Trustee and its actions under this CVR Agreement as may be required pursuant to the Trust Indenture Act to the extent and in the manner provided pursuant thereto. The Trustee shall also comply with Section 313(b)(2) of the Trust Indenture Act, if applicable. The Trustee shall also transmit by mail all reports as required by Section 313(c) of the Trust Indenture Act, if applicable.

(b) A copy of each such report shall, at the time of such transmission to the Holders, be filed by the Trustee with each stock exchange, if any, upon which the Securities are listed, with the Commission and also with the Company. The Company shall promptly notify the Trustee if the Securities are listed on any stock exchange.

SECTION 5.4 Reports by Company. The Company shall: (a) file with the Trustee, and, solely with respect to clause (ii) below, mail or cause to be mailed to each of the Holders at their addresses shown on the Security Register, and solely with respect to clauses (iv) and (v) below, include in a Current Report on Form 8-K filed by the Company with the Commission, (i) within fifteen (15) days after the Company files or furnishes the same with the Commission, copies of the annual reports filed on Form 10-K and quarterly reports filed on Form 10-Q and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company is required to file with or furnish to the Commission, pursuant to Section 13 or Section 15(d) of the Exchange Act (such annual reports and required information, documents and other reports, together the “Exchange Act Documents”), (ii) if the Company is not required to file Exchange Act Documents with or to the Commission, within forty-five (45) days after each calendar quarter (other than the last quarter of each calendar year), quarterly financial information and, within ninety (90) days after each calendar year, annual financial information, in each case calculated in accordance with Accounting Standards applied consistently with the application of such standards in either the Company’s prior quarterly earnings reports on Form 10-Q and annual reports on Form 10-K, as applicable, or in the Company’s prior reported financial statements filed or furnished in its home jurisdiction, (iii) copies of any quarterly financial information or earnings reports made public by the Company or made available on the Company’s website, within fifteen (15) days after such information or reports are furnished or otherwise made public or available, (iv) within fifty (50) days after the end of each calendar quarter, a statement (the “AUM Statement”) setting forth the Assets Under Management as of the end of such calendar quarter and an assertion by management of the Company as to whether the AUM Milestone has occurred during such calendar quarter, and (v) within four (4) Business Days after the occurrence of the AUM Milestone, a notice setting forth the occurrence of the AUM Milestone, the amount of the payment payable in connection with such AUM Milestone and the AUM Milestone Payment Date; (b) file with the Trustee such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this CVR Agreement as may be required from time to time by the rules and regulations of the Commission; and (c) make available to the Holders on the Company’s website as of an even date with the filing of such materials with the Trustee, the information, documents and reports required to be filed by the Company pursuant to Subsections (a) or (b) of this Section 5.4 or pursuant to Section 7.9.

ARTICLE 6
AMENDMENTS

SECTION 6.1 Amendments without Consent of Holders. Without the consent of any Holders, the Company and the Trustee, at any time and from time to time, may enter into one or more amendments hereto or to the Securities, for any of the following purposes:

- (a) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Securities any property or assets;
- (b) to evidence the succession of another Person to the Company, and the assumption by any such successor of the covenants of the Company herein and in the Securities;
- (c) to add to the covenants of the Company such further covenants, restrictions, conditions or provisions as the Board of Directors and/or the Chief Executive Officer of the Company and the Trustee shall consider to be and shall be for the protection of the Holders of Securities;
- (d) to cure any ambiguity, or to correct or supplement any provision herein or in the Securities which may be defective or inconsistent with any other provision herein; provided, that such amendment shall not adversely affect the interests of the Holders;
- (e) to make any amendments or changes necessary to comply or maintain compliance with the Trust Indenture Act, if applicable; or
- (f) to make any change that does not adversely affect the interests of the Holders.

Promptly following any amendment of this CVR Agreement or the Securities in accordance with this Section 6.1, the Trustee shall notify the Holders of the Securities of such amendment; provided that any failure so to notify the Holders shall not affect the validity of such amendment.

SECTION 6.2 Amendments with Consent of Holders. With the consent of the Holders of at least a majority of the Outstanding CVRs, by Act of said Holders delivered to the Company and the Trustee (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Securities), the Company and the Trustee may enter into one or more amendments hereto or to the Securities for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this CVR Agreement or to the Securities or of modifying in any manner the rights of the Holders under this CVR Agreement or to the Securities; provided, however, that no such amendment shall, without the consent of the Holder of each Outstanding Security affected thereby:

- (a) modify in a manner adverse to the Holders (i) any provision contained herein with respect to the termination of this CVR Agreement or the Securities, (ii) the time for payment and amount of the AUM Milestone Payment, or otherwise extend the time for payment of the Securities or reduce the amounts payable in respect of the Securities or modify any other payment term or payment date;
- (b) reduce the number of CVRs, the consent of whose Holders is required for any such amendment; or
- (c) modify any of the provisions of this Section 6.2, except to increase the percentage of Holders from whom consent is required or to provide that certain other provisions of this CVR Agreement cannot be modified or waived without the consent of the Holder of each Security affected thereby.

SECTION 6.3 Execution of Amendments. In executing any amendment permitted by this Article 6, the Trustee (subject to Section 4.1) shall be fully protected in relying upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this CVR Agreement. The Trustee shall execute any amendment authorized pursuant to this Article 6 if the amendment does not adversely affect the Trustee's own rights, duties or immunities under this CVR Agreement or otherwise. Otherwise, the Trustee may, but need not, execute such amendment.

SECTION 6.4 Effect of Amendments; Notice to Holders.

(a) Upon the execution of any amendment under this Article 6, this CVR Agreement and the Securities shall be modified in accordance therewith, and such amendment shall form a part of this CVR Agreement and the Securities for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(b) Promptly after the execution by the Company and the Trustee of any amendment pursuant to the provisions of this Article 6, the Company shall mail a notice thereof by first-class mail to the Holders of Securities at their addresses as they shall appear on the Security Register, setting forth in general terms the substance of such amendment. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

SECTION 6.5 Conformity with Trust Indenture Act. Every amendment executed pursuant to this Article 6 shall conform to the applicable requirements of the Trust Indenture Act, if any.

SECTION 6.6 Reference in Securities to Amendments. If an amendment changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. Securities authenticated and delivered after the execution of any amendment pursuant to this Article 6 may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such amendment. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee on the one hand and the Board of Directors and/or the Chief Executive Officer on the other hand, to any such amendment may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities. Failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment.

ARTICLE 7

COVENANTS

SECTION 7.1 Payment of Amounts, if any, to Holders. The Company and, upon receipt of such amounts from the Company, the Trustee and the Paying Agent, as applicable, shall duly and punctually pay the amounts, if any, on the Securities in accordance with the terms of the Securities and this CVR Agreement. Such amounts shall be considered paid on the AUM Milestone Payment Date if on such date the Trustee or the Paying Agent (if the Paying Agent is a Person other than the Company or an Affiliate (other than AXA) of the Company), as applicable, holds in accordance with this CVR Agreement money sufficient to pay all such amounts then due. Notwithstanding any other provision of this CVR Agreement, the Company or any of its Affiliates (including WPS, as applicable), the Trustee or the Paying Agent, shall be entitled to deduct and withhold, or cause to be deducted and withheld, from any amounts payable or otherwise deliverable pursuant to this CVR Agreement to any Holder such amounts as are required to be deducted and withheld therefrom under the United States Internal Revenue Code of 1986, as amended, or the Treasury Regulations thereunder or any other Tax Law. Amounts withheld in compliance with such withholding requirements shall, for purposes of this CVR Agreement, be treated as paid to the Holder with respect to which such withholding was made. The consent of a Holder shall not be required for any such withholding.

SECTION 7.2 Maintenance of Office or Agency.

(a) As long as any of the Securities remain Outstanding, the Company shall maintain in the Borough of Manhattan, The City of New York an office or agency (i) where Securities may be presented or surrendered for payment, (ii) where Securities may be surrendered for registration of transfer or exchange and (iii) where notices and demands to or upon the Company in respect of the Securities and this CVR Agreement may be served. The office or agency of the Trustee at 6201 15th Avenue, Brooklyn, New York 11219 shall be such office or agency of the Company, unless the Company shall designate and maintain some other office or agency for one or more of such purposes. The Company or any of its Subsidiaries may act as Paying Agent, registrar or transfer agent; provided, that such Person shall take appropriate actions to avoid the commingling of funds. The Company shall give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Company shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

(b) The Company may from time to time designate one or more other offices or agencies (in or outside of The City of New York) where the Securities may be presented or surrendered for any or all such purposes, and may from time to time rescind such designation; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such office or agency.

SECTION 7.3 Money for Security Payments to Be Held in Trust.

(a) If the Company or any of its Affiliates (other than AXA) shall at any time act as the Paying Agent, it shall, on or before the AUM Milestone Payment Date, segregate and hold in trust for the benefit of the Holders all sums held by such Paying Agent for payment on the Securities until such sums shall be paid to the Holders as herein provided, and shall promptly notify the Trustee of any failure of the Company to make payment on the Securities.

(b) Whenever the Company shall have one or more Paying Agents for the Securities, it shall, on or before the AUM Milestone Payment Date deposit with a Paying Agent a sum in same day funds sufficient to pay the amount, if any, so becoming due; such sum to be held in trust for the benefit of the Persons entitled to such amount, and (unless such Paying Agent is the Trustee) the Company shall promptly notify the Trustee of such action or any failure so to act.

(c) The Company shall cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 7.3, that (i) such Paying Agent shall hold all sums held by it for the payment of any amount payable on Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and shall notify the Trustee of the sums so held and (ii) that it shall give the Trustee notice of any failure by the Company (or by any other obligor on the Securities) to make any payment on the Securities when the same shall be due and payable.

(d) Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment on any Security and remaining unclaimed for one (1) year after the Payment Date shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money shall thereupon cease.

SECTION 7.4 Certain Purchases and Sales. Nothing contained herein shall prohibit the Company or any of its Subsidiaries from acquiring in open market transactions, private transactions or otherwise, any Securities.

SECTION 7.5 Books and Records. The Company shall keep, and shall cause its Subsidiaries to keep, true, complete and accurate records in sufficient detail to enable the amounts payable under this CVR Agreement to be determined by the Holders and their consultants or professional advisors.

SECTION 7.6 AUM Review Procedures.

(a) Until the AUM Milestone Payment has been paid, prior to February 9 of each year during the term of this Agreement, the Company shall provide an independent certified public accounting firm of nationally recognized standing selected by the Board of Directors (the “Independent Accountant”) with access during normal business hours to such of the records of the Company as may be reasonably necessary to verify (i) the accuracy of the statements set forth in the AUM Statements for the immediately preceding calendar year and the figures underlying the calculations set forth therein and (ii) the accuracy of management’s assertion as to whether the AUM Milestone had been achieved at any time during the immediately preceding calendar year. The fees charged by such accounting firm shall be paid by the Company. The Company shall cause the Independent Accountant to disclose in writing to the Trustee within ninety (90) days after the applicable calendar year end that it has verified the accuracy of management’s assertion as to whether the AUM Milestone has been achieved at any time during the preceding calendar year or concluded that such assertion is incorrect (such disclosure, the “Annual AUM Report”). If the AUM Milestone Payment has not been paid prior to the three year anniversary of the Effective Time, then no later than ten (10) Business Days after the three year anniversary of the Effective Time, the Company shall provide the Independent Accountant with access during normal business hours to such of the records of the Company as may be reasonably necessary to verify (i) the accuracy of the statements set forth in the AUM Statements and the figures underlying the calculations set forth therein and (ii) the accuracy of management’s assertion as to whether the AUM Milestone had been achieved at any time during the period following the year with respect to the most recently delivered Annual AUM Report until and including the three year anniversary of the Effective Time. The Company shall cause the Independent Accountant to disclose in writing to the Trustee no later than ninety (90) days after the three year anniversary of the Effective Time whether management has determined that the AUM Milestone had been achieved at any time during the period covered by such report and that it has verified the accuracy of management’s assertion as to whether the AUM Milestone has been achieved at any time during the applicable period or concluded that such assertion is incorrect (such disclosure, the “Final AUM Report”). The Independent Accountant shall provide the Company with a copy of all disclosures made to the Trustee. Following receipt of any such disclosures, the Company shall file such disclosures with the Trustee, and shall promptly mail a copy of any such Annual AUM Report or Final AUM Report, as applicable, to all Holders.

(b) If the AUM Milestone Payment should have been paid but was not paid when due, the Company shall pay each Holder of a CVR the AUM Milestone Payment plus interest thereon at the Shortfall Interest Rate from the date the AUM Milestone Payment Date should have occurred (if the Company had given notice of achievement of such AUM Milestone pursuant Section 5.4(a)(v) of this CVR Agreement) to the date of actual payment (such amount including interest being the “CVR Shortfall”). The Company shall pay the CVR Shortfall to the CVR Holders of record as of a date that is three (3) Business Days prior to the AUM Milestone Payment Date selected by the Company, which such date must be within twenty (20) Business Days after the date that the Annual AUM Report or Final AUM Report, as applicable, showing that the AUM Milestone had been achieved at any time during the period covered thereby was delivered to the Holders.

(c) No CVR Holder shall have any right to inspect the books and records of the Company or its Affiliates by virtue of such CVR Holder’s interest in a CVR or under this CVR Agreement, except (i) indirectly as provided in Section 7.6(a) above or as may be required by applicable law or (ii) solely with respect to the Security Register, for the purposes of seeking to obtain any Act of the Holders hereunder.

SECTION 7.7 Restrictive Covenants. So long as any of the Securities remain Outstanding, subject to Article 9, the Company shall not voluntarily liquidate, dissolve or wind-up.

SECTION 7.8 Milestone. The Company shall use, and shall cause its Subsidiaries (including the WPS Group) to use, Diligent Efforts to achieve the AUM Milestone. Without limitation of the foregoing, the Company shall, and shall cause its Subsidiaries to, cause the WPS Group to (i) be operated as a distinct investment team and (ii) use commercially reasonable efforts to operate in compliance with Law in all material respects. The Company shall use Diligent Efforts to maintain a running calculation of Assets Under Management such that it can promptly determine whether the AUM Milestone has been met. In furtherance of the foregoing, the Company agrees to operate the business of WPS following the Merger in accordance with the following requirements (the obligations set forth in subsections (a)-(d) below, the “Specified Conduct”):

(a) The Company agrees that neither it nor any of its Subsidiaries shall offer any investment product with substantially the same investment strategy as the investment strategy of WPS immediately prior to the Merger in the same geographic markets as such comparable WPS investment product is marketed (a “Competing Product”), unless the WPS Group does not otherwise have sufficient investment capacity to offer such Competing Product; provided, however, that the foregoing shall not (x) prevent the Company or any of its Affiliates from acquiring any other Person or business that manages or distributes any Competing Products as part of an acquisition where the Competing Products were not the primary focus of the acquisition, or from operating the business of such Person thereafter in a manner materially consistent with the past practice of such acquired business or (y) apply in respect of any third party (together with its pre-acquisition Subsidiaries) that manages or distributes Competing Products that acquires the Company or any of its Affiliates (whether through a merger, consolidation, tender or exchange offer, sale of all or substantially all assets or otherwise).

(b) The Company shall provide or cause to be provided to the investment professionals comprising the WPS Group, with marketing and distribution support that, in the aggregate, is no less favorable to the WPS Group than is generally made available to similarly situated financial products and services of the Company or its Subsidiaries (other than WPS Group), as applicable;

(c) The Company shall not, directly or indirectly, materially amend, change, revise or alter the WPS Group's investment strategy as was in effect immediately prior to the Effective Time without the prior written consent of the lead investment managers of the WPS Group, which consent shall not be unreasonably withheld, conditioned or delayed; and

(d) The Company and its Subsidiaries shall devote such financial and other resources for product development by the WPS Group as are devoted to similarly situated Subsidiaries and investment teams of the Company and its Subsidiaries.

SECTION 7.9 Notice of Breach. The Company shall file with the Trustee written notice of the occurrence of any Breach or other breach under this CVR Agreement within five (5) Business Days of its becoming aware of any such Breach or other breach.

SECTION 7.10 Non-Use of Name. Neither the Trustee nor the Holders (solely in their capacities as such) shall use the name, trademark, trade name or logo of the Company, its Affiliates, or their respective employees in any publicity or news release relating to this CVR Agreement or its subject matter, without the prior express written permission of the Company, other than (in the case of the name of the Company, its Affiliates, or their respective employees only) with respect to a dispute pursuant to this CVR Agreement between any of the Holders, the Trustee, the Company or its Affiliates.

SECTION 7.11 Mid-Month Measurement. If, at any calendar month-end prior to the Termination Date, Assets Under Management exceeds \$4,500,000,000 (such day, a "Month-End Triggering Date"), the Company shall, within five (5) Business Days, indicate such fact in a Current Report on Form 8-K filed by the Company with the Commission. Upon the occurrence of any Month-End Triggering Date, the Holders shall then have the right, upon the Act of the Holders of not less than twenty-five percent (25%) of the Outstanding Securities, and upon fifteen (15) days' notice to the Company, to require the Company to determine the amount of Assets Under Management as of the close of business on the fifteenth (15th) day of any calendar month after the Month-End Triggering Date (any such day, a "Mid-Month Measuring Date"); provided, however, that the Holders may only exercise such right up to six (6) times in any calendar year.

ARTICLE 8

REMEDIES OF THE TRUSTEE AND HOLDERS IN THE EVENT OF BREACH

SECTION 8.1 Breach Defined; Waiver of Breach. "Breach" with respect to the Securities, means each one of the following events which shall have occurred and be continuing (whatever the reason for such Breach and whether it shall be voluntary or involuntary or be effected by operation of Law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) failure to pay all or any part of the AUM Milestone Payment after a period of three (3) Business Days after such AUM Milestone Payment shall become due and payable on the AUM Milestone Payment Date or otherwise; or

(b) material breach in the performance, or breach in any material respect, of any covenant or warranty of the Company in respect of the Securities (other than a covenant or warranty in respect of the Securities, a breach in whose performance or other breach is elsewhere in this Section 8.1 specifically dealt with), and continuance of such breach for a period of ninety (90) days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Acting Holders, a written notice specifying such breach and requiring it to be remedied and stating that such notice is a "Notice of Breach" hereunder; or

(c) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Company or for any substantial part of its property or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days; or

(d) the Company shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such Law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Company or for any substantial part of its property, or make any general assignment for the benefit of creditors.

Except where authorization and/or appearance of each of the Holders is required by applicable Law, if a Breach described above occurs and is continuing, then either the Trustee by notice in writing to the Company, or the Trustee upon the written request of the Acting Holders by notice in writing to the Company and to the Trustee, shall bring suit to protect the rights of the Holders, including to obtain payment for any amounts then due and payable, which amounts shall bear interest at the Breach Interest Rate from the date such amounts were due and payable until payment is made to the Trustee.

The foregoing provisions, however, are subject to the condition that if, at any time after the Trustee shall have begun such suit, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all amounts which shall have become due and payable (with interest upon such overdue amount at the Breach Interest Rate to the date of such payment or deposit) and such amount as shall be sufficient to cover reasonable compensation to the Trustee, its external agents and counsel, and all other reasonable expenses of the Trustee, and if any and all Breaches under this CVR Agreement shall have been cured, waived or otherwise remedied as provided herein, then and in every such case Holders of at least a majority of the Outstanding CVRs, by Act of said Holders delivered to the Company and the Trustee, may waive all breaches with respect to the Securities, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent breach or shall impair any right consequent thereof.

SECTION 8.2 Collection by the Trustee; the Trustee May Prove Payment Obligations. The Company covenants that in the case of any failure to pay all or any part of the Securities when the same shall have become due and payable, then upon demand of the Trustee, the Company shall pay to the Trustee for the benefit of the Holders of the Securities the whole amount that then shall have become due and payable on all Securities (with interest from the date due and payable to the date of such payment upon the overdue amount at the Breach Interest Rate); and in addition thereto, such further amount as shall be sufficient to cover the reasonable costs and expenses of collection, including reasonable compensation to the Trustee and the reasonable fees and expenses of its agents and counsel, except as a result of its negligence, bad faith or willful misconduct.

The Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this CVR Agreement or in aid of the exercise of any power granted herein, or to enforce any other remedy.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at Law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Company or other obligor upon such Securities and collect in the manner provided by Law out of the property of the Company or other obligor upon such Securities, wherever situated, the moneys adjudged or decreed to be payable.

In any judicial proceedings relative to the Company or other obligor upon the Securities, irrespective of whether any amount is then due and payable with respect to the Securities, the Trustee is authorized:

- (a) to file and prove a claim or claims for the whole amount owing and unpaid in respect of the Securities, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence, bad faith or willful misconduct) and of the Holders allowed in any judicial proceedings relative to the Company or other obligor upon the Securities, or to their respective property;

(b) unless prohibited by and only to the extent required by applicable Law, to vote on behalf of the Holders in any election of a trustee or a standby trustee in arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or person performing similar functions in comparable proceedings; and

(c) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Holders and of the Trustee on their behalf; and any trustee, receiver, or liquidator, custodian or other similar official is hereby authorized by each of the Holders to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Holders, to pay to the Trustee such amounts as shall be sufficient to cover the reasonable costs and expenses of collection, including reasonable compensation to the Trustee and the reasonable fees and expenses of its agents and counsel, except as a result of its negligence, bad faith or willful misconduct, and all other amounts due to the Trustee pursuant to Section 4.7. To the extent that such payment of reasonable compensation, expenses, disbursements, advances and other amounts out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, moneys, securities and other property which the Holders may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or safeguard arrangement or otherwise.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Holder any plan of reorganization, safeguard arrangement, adjustment or composition affecting the Securities, or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

All rights of action and of asserting claims under this CVR Agreement, or under any of the Securities, may be enforced by the Trustee without the possession of any of the Securities or the production thereof and any trial or other proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders.

In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this CVR Agreement to which the Trustee shall be a party) the Trustee shall be held to represent all the Holders, and it shall not be necessary to make any Holders of such Securities parties to any such proceedings (unless required by applicable Law).

SECTION 8.3 Application of Proceeds. Any monies collected by the Trustee pursuant to this Article 8 in respect of any Securities shall be applied in the following order at the date or dates fixed by the Trustee upon presentation of the several Securities in respect of which monies have been collected and stamping (or otherwise noting) thereon the payment in exchange for the presented Securities if only partially paid or upon surrender thereof if fully paid:

FIRST: To the payment of reasonable costs and expenses in respect of which monies have been collected, including to cover the reasonable costs and expenses of collection, including reasonable compensation to the Trustee and the reasonable fees and expenses of its agents and counsel, except as a result of its negligence, bad faith or willful misconduct, and all other amounts due to the Trustee or any predecessor Trustee pursuant to Section 4.7;

SECOND: To the payment of the whole amount then owing and unpaid upon all the Securities, with interest at the Breach Interest Rate on all such amounts, and in case such monies shall be insufficient to pay in full the whole amount so due and unpaid upon the Securities, then to the payment of such amounts without preference or priority of any security over any other Security, ratably to the aggregate of such amounts due and payable; and

THIRD: To the payment of the remainder, if any, to the Company.

SECTION 8.4 Suits for Enforcement. In case a Breach has occurred, has not been waived and is continuing, the Trustee may in its discretion, and upon the Act of the Holders of not less than twenty-five percent (25%) of the Outstanding Securities and together with an offer to the Trustee of reasonable indemnity against the costs, expenses and liabilities to be incurred therein or thereby shall, proceed to protect and enforce the rights vested in it by this CVR Agreement by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights (unless authorization and/or appearance of each of the Holders is required by applicable Law), either at Law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this CVR Agreement or in aid of the exercise of any power granted in this CVR Agreement or to enforce any other legal or equitable right vested in the Trustee by this CVR Agreement or by Law.

SECTION 8.5 Restoration of Rights on Abandonment of Proceedings. In case the Trustee or any Holder shall have proceeded to enforce any right under this CVR Agreement and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or to such Holder, then and in every such case the Company and the Trustee and the Holders shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Company, the Trustee and the Holders shall continue as though no such proceedings had been taken.

SECTION 8.6 Limitations on Suits by Holders. Subject to the right of the Acting Holders under Section 7.6 and the rights of the Holders under Section 8.7, no Holder of any Security shall have any right by virtue or by availing of any provision of this CVR Agreement to institute any action or proceeding at Law or in equity or in bankruptcy or otherwise upon or under or with respect to this CVR Agreement, or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy hereunder, unless such Holder previously shall have given to the Trustee written notice of breach and of the continuance thereof, as hereinbefore provided, and unless also the Holders of not less than twenty-five percent (25%) of the Outstanding Securities shall have made written request upon the Trustee to institute such action or proceedings in its own name as trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee for fifteen (15) days after its receipt of such notice and request shall have failed to institute any such action or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 8.9; it being understood and intended, and being expressly covenanted by the taker and Holder of every Security with every other taker and Holder and the Trustee, that no one or more Holders of Securities shall have any right in any manner whatever by virtue or by availing of any provision of this CVR Agreement to effect, disturb or prejudice the rights of any other such Holder of Securities, or to obtain or seek to obtain priority over or preference to any other such Holder or to enforce any right under this CVR Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Securities. For the protection and enforcement of the provisions of this Section 8.6, each and every Holder and the Trustee shall be entitled to such relief as can be given either at Law or in equity.

SECTION 8.7 Unconditional Right of Holders to Institute Certain Suits. Notwithstanding any other provision in this CVR Agreement and any provision of any Security, the right of any Holder of any Security to receive payment of the amounts payable in respect of such Security on or after the respective due dates expressed in such Security, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 8.8 Powers and Remedies Cumulative; Delay or Omission Not Waiver of Breach.

(a) Except as provided in Section 8.6, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by Law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at Law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

(b) No delay or omission of the Trustee or of any Holder to exercise any right or power accruing upon any Breach occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Breach or an acquiescence therein; and, subject to Section 8.6, every power and remedy given by this CVR Agreement or by Law to the Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders.

SECTION 8.9 Control by Holders.

(a) The Holders of at least a majority of the Outstanding CVRs shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred on the Trustee with respect to the Securities by this CVR Agreement; provided that such direction shall not be otherwise than in accordance with Law and the provisions of this CVR Agreement; and provided, further, that (subject to the provisions of Section 4.1) the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by counsel, shall determine that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors, the executive committee, or a committee of directors or Responsible Officers of the Trustee shall determine that the action or proceedings so directed would involve the Trustee in personal liability or if the Trustee in good faith shall so determine that the actions or forbearances specified in or pursuant to such direction would be unduly prejudicial to the interests of Holders of the Securities not joining in the giving of said direction.

(b) Nothing in this CVR Agreement shall impair the right of the Trustee in its discretion to take any action deemed proper by the Trustee and which is not inconsistent with such direction or directions by Holders.

SECTION 8.10 Waiver of Past Breaches.

(a) In the case of a breach or a Breach specified in clause (b), (c) or (d) of Section 8.1, the Holders of at least a majority of the Outstanding CVRs may waive any such Breach, and its consequences except a breach in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Holder of each Security affected. In the case of any such waiver, the Company, the Trustee and the Holders of the Securities shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other breach or impair any right consequent thereon.

(b) Upon any such waiver, such breach shall cease to exist and be deemed to have been cured and not to have occurred, and any Breach arising therefrom shall be deemed to have been cured, and not to have occurred for every purpose of this CVR Agreement; but no such waiver shall extend to any subsequent or other Breach or other breach of any kind or impair any right consequent thereon.

SECTION 8.11 Trustee to Give Notice of Breach, But May Withhold in Certain Circumstances. The Trustee shall transmit to the Holders, as the names and addresses of such Holders appear on the Security Register (as provided under Section 313(c) of the Trust Indenture Act, if applicable), notice by mail of all breaches which have occurred and are known to the Trustee, such notice to be transmitted within ninety (90) days after the occurrence thereof, unless such breaches shall have been cured before the giving of such notice (the term "breach" for the purposes of this Section 8.11 being hereby defined to mean any event or condition which is, or with notice or lapse of time or both would become, a Breach); provided, that, except in the case of a failure to pay the amounts payable in respect of any of the Securities, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or trustees and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Holders.

SECTION 8.12 Right of Court to Require Filing of Undertaking to Pay Costs. All Parties to this CVR Agreement agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this CVR Agreement or in any suit against the Trustee for any action taken, suffered or omitted by it as the Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 8.12 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder or group of Holders holding in the aggregate more than ten percent (10%) of the Securities Outstanding or to any suit instituted by any Holder for the enforcement of the payment of any Security on or after the due date expressed in such Security.

ARTICLE 9

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

SECTION 9.1 Company May Consolidate, etc., on Certain Terms. The Company covenants that it shall not merge or consolidate with or into any other Person (other than a wholly-owned subsidiary of the Company), or sell or convey all or substantially all of its assets to any Person, unless (a) the Company shall be the continuing Person, or the successor Person or the Person which acquires by sale or conveyance all or substantially all the assets of the Company (or its ultimate parent company) shall expressly assume by an instrument supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, the due and punctual payment of the Securities, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this CVR Agreement to be performed or observed by the Company and (b) the Company, or such successor Person, as the case may be, shall not, immediately after such merger or consolidation, or such sale or conveyance, be in breach in the performance of any such covenant or condition.

SECTION 9.2 Successor Person Substituted.

(a) In case of any such consolidation, merger, sale or conveyance, and following such an assumption by the successor Person, such successor Person shall succeed to and be substituted for the Company with the same effect as if it had been named herein. Such successor Person may cause to be signed, and may issue either in its own name or in the name of the Company prior to such succession any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor corporation instead of the Company and subject to all the terms, conditions and limitations in this CVR Agreement prescribed, the Trustee shall authenticate and shall deliver any Securities which previously shall have been signed and delivered to the Trustee for authentication, and any Securities which such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All of the Securities so issued shall in all respects have the same legal rank and benefit under this CVR Agreement as the Securities theretofore or thereafter issued in accordance with the terms of this CVR Agreement as though all of such Securities had been issued at the date of the execution hereof.

(b) In case of any such consolidation, merger, sale or conveyance, such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate. The successor entity to such consolidation, merger, sale or conveyance may satisfy the obligations of Section 5.4(a)(i) and (ii) of this CVR Agreement by providing copies of such successor entity's Exchange Act Documents in the case of Section 5.4(a)(i) or such successor entity's financial information in the case of Section 5.4(a)(ii).

(c) In the event of any such sale, transfer or conveyance (other than a conveyance by way of lease) the Company or any Person which shall theretofore have become such in the manner described in this Article 9 shall be discharged from all obligations and covenants under this CVR Agreement and the Securities and may be liquidated and dissolved.

SECTION 9.3 Opinion of Counsel to Trustee. The Trustee, subject to the provisions of Sections 4.1 and 4.2, shall receive an Officer's Certificate and Opinion of Counsel, prepared in accordance with Sections 1.2 and 1.3, as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, and any such liquidation or dissolution, complies with the applicable provisions of this CVR Agreement, and if a supplemental agreement is required in connection with such transaction, such supplemental agreement complies with this Article 9 and that there has been compliance with all conditions precedent herein provided for or relating to such transaction.

SECTION 9.4 Successors. All covenants, provisions and agreements in this CVR Agreement by or for the benefit of the Company, the Trustee or the Holders shall bind and inure to the benefit of their respective successors, assigns, heirs and personal representatives, whether so expressed or not. The Company may assign this CVR Agreement without the prior written consent of the other Parties to this CVR Agreement to one or more of its direct or indirect Subsidiaries; provided, however, that in the event of any such assignment the Company shall remain subject to its obligations and covenants hereunder.

IN WITNESS WHEREOF, the Parties hereto have caused this CVR Agreement to be duly executed, all as of the day and year first above written.

ALLIANCEBERNSTEIN L.P.

By: /s/ Laurence E. Cranch

Name: Laurence E. Cranch

Title: General Counsel

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC,
as the Trustee

By: /s/ Michael A. Nespoli

Name: Michael A. Nespoli

Title: Executive Director

ANNEX A

ALLIANCEBERNSTEIN L.P.

No. Certificate for Contingent Value Rights

This certifies that _____, or registered assigns (the "Holder"), is the registered holder of the number of Contingent Value Rights ("CVRs" or "Securities") set forth above. Each CVR entitles the Holder, subject to the provisions contained herein and in the CVR Agreement referred to on the reverse hereof, to payments from AllianceBernstein L.P., a Delaware limited partnership (the "Company"), in the amounts and in the forms determined pursuant to the provisions set forth on the reverse hereof and as more fully described in the CVR Agreement referred to on the reverse hereof. Such payments shall be made on the AUM Milestone Payment Date, as defined in the CVR Agreement referred to on the reverse hereof.

Payment of any amounts pursuant to this CVR Certificate shall be made only to the registered Holder (as defined in the CVR Agreement) of this CVR Certificate. Such payment shall be made in the Borough of Manhattan, The City of New York, or at any other office or agency maintained by the Company for such purpose, in such coin or currency of the United States of America as at the time is legal tender for the payment of public and private debts; provided, however, the Company may pay such amounts by wire transfer or check payable in such money. American Stock Transfer & Trust Company, LLC has been initially appointed as Paying Agent at its office or agency in the Borough of Manhattan, The City of New York.

Reference is hereby made to the further provisions of this CVR Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof by manual signature, this CVR Certificate shall not be entitled to any benefit under the CVR Agreement, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

ALLIANCEBERNSTEIN L.P.

By: _____

Name:

Title:

Dated:

Attest: _____

Authorized Signature

[Form of Reverse of CVR Certificate]

1. This CVR Certificate is issued under and in accordance with the Contingent Value Rights Agreement, dated as of December 12, 2013 (the “CVR Agreement”), between the Company and American Stock Transfer & Trust Company, LLC, a New York limited liability trust company, as trustee (the “Trustee,” which term includes any successor Trustee under the CVR Agreement), and is subject to the terms and provisions contained in the CVR Agreement, to all of which terms and provisions the Holder of this CVR Certificate consents by acceptance hereof. The CVR Agreement is hereby incorporated herein by reference and made a part hereof. Reference is hereby made to the CVR Agreement for a full statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the CVRs. All capitalized terms used in this CVR Certificate without definition shall have the respective meanings ascribed to them in the CVR Agreement. Copies of the CVR Agreement can be obtained by contacting the Trustee.
2. In the event of any conflict between this CVR Certificate and the CVR Agreement, the CVR Agreement shall govern and prevail.
3. Subject to the terms and conditions of the CVR Agreement, on the AUM Milestone Payment Date, the Company shall pay to the Trustee or the Paying Agent, for the benefit of the Holder hereof as of the record date, for each CVR represented hereby, the AUM Milestone Payment.
4. The AUM Milestone Payment, if any, and interest thereon, if any, shall be payable by the Company in such coin or currency of the United States of America as at the time is legal tender for the payment of public and private debts; provided, however, the Company may pay such amounts by its check or wire transfer payable in such money. American Stock Transfer & Trust Company, LLC has been initially appointed as Paying Agent at its office or agency in the Borough of Manhattan, The City of New York.
5. If a Breach occurs and is continuing, either the Trustee or the Acting Holders, by notice to the Company and to the Trustee, may bring suit in accordance with the terms and conditions of the CVR Agreement to protect the rights of the Holders, including to obtain payment of all amounts then due and payable.
6. No reference herein to the CVR Agreement and no provision of this CVR Certificate or of the CVR Agreement shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay any amounts determined pursuant to the terms hereof and of the CVR Agreement at the times, place and amount, and in the manner, herein prescribed.
7. As provided in the CVR Agreement and subject to certain limitations therein set forth, the transfer of the CVRs represented by this CVR Certificate is registrable on the Security Register, upon surrender of this CVR Certificate for registration of transfer at the office or agency of the Company maintained for such purpose in the Borough of Manhattan, The City of New York, accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new CVR Certificates, for the same amount of CVRs, shall be issued to the designated transferee or transferees. The Company hereby initially designates the office of American Stock Transfer & Trust Company, LLC at 6201 15th Avenue, Brooklyn, New York 11219 as the office for registration of transfer of this CVR Certificate.

8. As provided in the CVR Agreement and subject to certain limitations therein set forth, this CVR Certificate is exchangeable for one or more CVR Certificates representing the same number of CVRs as represented by this CVR Certificate as requested by the Holder surrendering the same.

9. No service charge shall be made for any registration of transfer or exchange of CVRs, but the Company may require payment of a sum sufficient to cover any documentary, stamp or similar tax or other similar governmental charge payable in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Sections 3.4, 3.6 or 6.6 of the CVR Agreement not involving any transfer.

10. Prior to the time of due presentment of this CVR Certificate for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this CVR Certificate is registered as the owner hereof for all purposes, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

11. Neither the Company nor the Trustee has any duty or obligation to the Holder of this CVR Certificate, except as expressly set forth herein or in the CVR Agreement.

12. As provided in the CVR Agreement and subject to certain limitations therein set forth, the rights of the Holder of this CVR Certificate shall terminate on the Termination Date.

13. THIS CVR CERTIFICATE AND THE CVR AGREEMENT AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS CVR CERTIFICATE AND THE CVR AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS CVR CERTIFICATE AND THE CVR AGREEMENT (INCLUDING ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATED TO ANY REPRESENTATION OR WARRANTY MADE IN OR IN CONNECTION WITH THIS CVR CERTIFICATE AND THE CVR AGREEMENT OR AS AN INDUCEMENT TO ACCEPT THIS CVR CERTIFICATE) OR THE SECURITIES, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF. EACH OF THE COMPANY, THE TRUSTEE AND EACH OF THE HOLDERS BY THEIR ACCEPTANCE OF THE SECURITIES, HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK OR ANY FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN RESPECT OF ALL CLAIMS OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS CVR CERTIFICATE AND THE CVR AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS CVR CERTIFICATE AND THE CVR AGREEMENT (INCLUDING ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATED TO ANY REPRESENTATION OR WARRANTY MADE IN OR IN CONNECTION WITH THIS CVR CERTIFICATE AND THE CVR AGREEMENT OR AS AN INDUCEMENT TO ACCEPT THIS CVR CERTIFICATE), OR THE SECURITIES, AND IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, JURISDICTION OF THE AFORESAID COURTS.

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the CVR Certificates referred to in the within-mentioned CVR Agreement.

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC,
as the Trustee

By: _____
Authorized Signatory

Dated:

ALLIANCEBERNSTEIN 2013 INCENTIVE COMPENSATION AWARD PROGRAM

This AllianceBernstein 2013 Incentive Compensation Award Program (the “**Program**”) under the AllianceBernstein L.P. 2010 Long Term Incentive Plan, as amended (the “**2010 Plan**”) has been adopted by the Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of AllianceBernstein Corporation, the general partner of AllianceBernstein L.P. (“**AllianceBernstein**”) and AllianceBernstein Holding L.P. (“ **Holding**”). Any incentive compensation awards granted under the 2010 Plan shall be governed solely by the 2010 Plan document, this Program and the terms of any related award agreement.

The right to defer Awards hereunder shall be considered a separate plan within the Program. Such separate plan shall be referred to as the “**APCP Deferral Plan**.” The APCP Deferral Plan is maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees (a “**Top Hat Employee**”). No one who is not a Top Hat Employee may defer compensation under the APCP Deferral Plan.

Any deferral or payment hereunder is subject to the terms of the Program and compliance with Section 409A of the Internal Revenue Code (the “**Code**”) and the guidance issued thereunder (“**Section 409A**”), as interpreted by the Committee in its sole discretion. Although none of the Company, the Committee, their affiliates, and their agents make any guarantee with respect to the treatment of payments under the Program and shall not be responsible in any event with regard to the Program’s compliance with Section 409A, the payments contained herein are intended to be exempt from Section 409A or otherwise comply with the requirements of Section 409A, and the Program shall be limited, construed and interpreted in accordance with the foregoing. None of the Company, the Committee, any of their affiliates, and any of their agents shall have any liability to any Participant or Beneficiary as a result of any tax, interest, penalty or other payment required to be paid or due pursuant to, or because of a violation of, Section 409A.

ARTICLE 1
DEFINITIONS

Section 1.01 *Definitions*. Whenever used in the Program, each of the following terms shall have the meaning for that term set forth below:

- (a) “**Account**”: a separate bookkeeping account established for each Participant for each Award, with such Award, as described in Article 2, credited to the Account maintained for such Award.
 - (b) “**Award**”: any award granted subject to the Program.
 - (c) “**Award Agreement**”: an agreement between a Participant and a Company setting forth the terms of an Award.
 - (d) “**Beneficiary**”: one or more Persons, trusts, estates or other entities, designated in accordance with Section 6.04(a), that are entitled to receive, in the event of a Participant’s death, any amount or property to which the Participant would otherwise have been entitled under the Program.
-

- (e) **“Beneficiary Designation Form”**: the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.
- (f) **“Board”**: the Board of Directors of the general partner of Holding and AllianceBernstein.
- (g) **“Cause”**: shall have the meaning assigned to it in the Award Agreement. To the extent that the term “Cause” is not defined in the Award Agreement, all references to the term “Cause” herein shall be inapplicable.
- (h) **“Code”**: the Internal Revenue Code of 1986, as amended from time to time.
- (i) **“Committee”**: the Board or one or more committees of the Board designated by the Board to administer the Program.
- (j) **“Company”**: Holding, AllianceBernstein and any corporation or other entity of which Holding or AllianceBernstein (i) has sufficient voting power (not depending on the happening of a contingency) to elect at least a majority of its board of directors or other governing body, as the case may be, or (ii) otherwise has the power to direct or cause the direction of its management and policies.
- (k) **“Deferral Election Form”**: the form(s) established from time to time by the Committee that a Participant completes, signs and returns to the Committee to elect to defer the distribution of an Award pursuant to Article 5.
- (l) **“Disability”**: shall have the meaning assigned to it in the Award Agreement. To the extent that the term “Disability” is not defined in the Award Agreement, all references to the term “Disability” herein shall be inapplicable.
- (m) **“Effective Date”**: the date Awards are approved by the Committee.
- (n) **“Eligible Employee”**: an active employee of a Company whom the Committee determines to be eligible for an Award. If the Committee determines that Awards made for the subsequent calendar year shall be eligible for deferral, the Committee or its designee shall specify in writing prior to such calendar year those Eligible Employees, or the methodology used to determine those Eligible Employees, who shall be eligible to participate in the ACP Deferral Plan for that calendar year and so notify those Eligible Employees prior to the end of the then calendar year or such later date permitted by Section 409A. Any advance deferral election made by such Eligible Employee is made on the condition that such Eligible Employee satisfies the conditions established by the Committee and, if not, such deferral election shall be null and void ab initio.

- (o) **“ERISA”**: the Employee Retirement Income Security Act of 1974, as amended.
- (p) **“Fair Market Value”**: with respect to a Holding Unit as of any given date and except as otherwise expressly provided by the Board or the Committee, the closing price of a Holding Unit on such date as published in the Wall Street Journal or, if no sale of Holding Units occurs on the New York Stock Exchange on such date, the closing price of a Holding Unit on such exchange on the last preceding day on which such sale occurred as published in the Wall Street Journal.
- (q) **“Holding Units”**: units representing assignments of beneficial ownership of limited partnership interests in Holding.
- (r) **“Participant”**: any Eligible Employee of any Company who has been designated by the Committee to receive an Award for any calendar year and who thereafter remains employed by a Company.
- (s) **“Person”**: any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.
- (t) **“Program”**: the AllianceBernstein 2013 Incentive Compensation Award Program, as amended.
- (u) **“Restricted Unit”**: a right to receive a Holding Unit in the future, as accounted for in an Account, subject to vesting and any other terms and conditions established hereunder or by the Committee.
- (v) **“Termination of Employment”**: the Participant is no longer performing services as an employee of any Company, other than pursuant to a severance or special termination arrangement, and has had a “separation from service” within the meaning of Section 409A.
- (w) **“Unforeseeable Emergency”**: a severe financial hardship to a Participant or former Participant within the meaning of Section 409A resulting from (i) an illness or accident of the Participant or former Participant, the spouse of the Participant or former Participant, or a dependent (as defined in Code Section 152, without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B)) of the Participant or former Participant, (ii) loss of property of the Participant or former Participant due to casualty or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or former Participant, all as determined in the sole discretion of the Committee.

ARTICLE 2
PARTICIPATION

Section 2.01 *Eligibility*. The Committee, in its sole discretion, will designate those Eligible Employees employed by a Company who will receive Awards with respect to a calendar year. In making such designation, the Committee may consider any criteria that it deems relevant, which may include an Eligible Employee's position with a Company and the manner in which the Eligible Employee is expected to contribute to the future growth and success of the Company. The Committee may vary the amount of Awards to a particular Participant from year to year and may determine that a Participant who received an Award for a particular year is not eligible to receive any Award with respect to any subsequent year. An Eligible Employee who is a member of the Committee during a particular year shall be eligible to receive an Award for that year only if the Award is approved by the majority of the other members of the Committee.

Section 2.02 *Grant of Awards*. The number of Restricted Units constituting an Award will be determined by the Committee in its sole and absolute discretion and, in the event the Committee elects to designate Awards by dollar amount, such amount will be converted into a number of Restricted Units as of the Effective Date for such Award based on the Fair Market Value of a Holding Unit on such Effective Date and will be credited to the Participant's Account as of such Effective Date. From and after such Effective Date, the Award shall be treated for all purposes as a grant of that number of Restricted Units determined pursuant to the preceding sentence. Awards vest in accordance with the terms set forth in the Award Agreement, and any such vested Award will be subject to the rules on distributions and deferral elections set forth below in Articles 4 and 5, respectively. As soon as reasonably practicable after the end of each calendar year, a statement shall be provided to each such Participant indicating the current balance in each Account maintained for the Participant as of the end of the calendar year.

Section 2.03 *Distributions on Holding Units*.

(a) When a regular cash distribution is made with respect to Holding Units, within 70 days thereafter, a distribution will be made to each Participant in an amount (the "**Equivalent Distribution Amount**") equal to the number of such Restricted Units (whether vested or unvested) credited to the Participant's Account as of the record date for such cash distribution times the value of the regular cash distribution per Holding Unit.

(b) If an Award is designated by dollar amount, fractional unit amounts remaining after conversion under Section 2.02 may be used for any purposes for the benefit of the Participant as determined by the Committee in its sole discretion, including but not limited to the payment of taxes with respect to an Award or, if the Committee so elects, such fractional unit amounts may be cancelled.

(c) Holding Units shall be subject to adjustment in accordance with Section 4(c) of the 2010 Plan (or such applicable successor provision).

ARTICLE 3
VESTING AND FORFEITURES

Section 3.01 *Vesting*. Terms related to vesting of Awards are set forth in the Award Agreement.

Section 3.02 *Forfeitures*. Terms related to forfeiture of Awards are set forth in the Award Agreement.

ARTICLE 4
DISTRIBUTIONS

Section 4.01 *General*. No Award will be distributed unless such distribution is permitted under this Article 4. The distribution of the vested portion of an Award shall be made in Holding Units. Any portion of an Award that is not vested will not be distributed hereunder.

Section 4.02 *Distributions If Deferral Election Is Not In Effect*.

(a) Unless a Participant elects otherwise on a Deferral Election Form under Sections 5.01 or 5.02 (if such election is permitted by the Committee), or unless otherwise provided in the Award Agreement, a Participant who has not incurred a Disability or a Termination of Employment will have the vested portion of his or her Award distributed to him or her within 70 days after such portion vests under the applicable vesting provisions set forth in the Award Agreement.

(b) Unless a Participant elects otherwise on a Deferral Election Form under Sections 5.01 or 5.02 (if such election is permitted by the Committee), or unless otherwise provided in the Award Agreement, a Participant who has had a Disability or a Termination of Employment will have the balance of any vested Award not distributed under Section 4.02(a) distributed to him or her as follows:

(i) In the event of a Participant's Disability, a distribution will be made to the Participant within 70 days following the Participant's Disability.

(ii) In the event of a Participant's Termination of Employment due to the Participant's death, a distribution will be made to the Participant's Beneficiary within 70 days following the 180th day anniversary of the death.

(iii) In the event of a Participant's Termination of Employment for any reason other than Disability or death, distributions due with respect to the Award, if any, shall be made in the same manner as prescribed in Section 4.02(a) above.

Section 4.03 *Distributions If Deferral Election Is In Effect.*

(a) Subject to Section 4.03(b), in the event that a deferral election is in effect with respect to a Participant pursuant to Sections 5.01 or 5.02 and the Participant has not incurred a Disability but has a Termination of Employment for any reason other than death, the vested portion of such Participant's Award will be distributed to him within 70 days following the benefit commencement date specified on such Deferral Election Form.

(b) In the event that a Deferral Election Form is in effect with respect to a Participant pursuant to Sections 5.01 or 5.02 and such Participant subsequently incurs a Termination of Employment due to death, the elections made by such Participant in his or her Deferral Election Form shall be disregarded, and the Participant's Award will be distributed to his or her Beneficiary within 70 days following the 180th day anniversary of the death.

(c) In the event that a Deferral Election is in effect with respect to a Participant pursuant to Section 5.01 or 5.02 and such Participant incurs a subsequent Disability, distribution will be made in accordance with such Participant's election in his or her Deferral Election Form.

Section 4.04 *Unforeseeable Emergency.* Notwithstanding the foregoing to the contrary, if a Participant or former Participant experiences an Unforeseeable Emergency, such individual may petition the Committee to (i) suspend any deferrals under a Deferral Election Form submitted by such individual and/or (ii) receive a partial or full distribution of a vested Award deferred by such individual. The Committee shall determine, in its sole discretion, whether to accept or deny such petition, and the amount to be distributed, if any, with respect to such Unforeseeable Emergency; *provided, however*, that such amount may not exceed the amount necessary to satisfy such Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the individual's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), and by suspension of the individual's deferral(s) under the Program.

Section 4.05 *Documentation.* Each Participant and Beneficiary shall provide the Committee with any documentation required by the Committee for purposes of administering the Program.

ARTICLE 5
DEFERRALS OF COMPENSATION

Section 5.01 *Initial Deferral Election.*

(a) The Committee may permit deferral elections of Awards in its sole and absolute discretion in accordance with procedures established by the Committee for this purpose from time to time. If so permitted, a Participant may elect in writing on a Deferral Election Form to have the portion of the Award which vests distributed as of a permitted distribution commencement date elected by the Participant that occurs following the date that such Award becomes or is scheduled to become 100% vested under the applicable vesting period set forth in the Award Agreement and specifying among the forms of distribution alternatives permitted by the Committee and specified on the Deferral Election Form. In addition, if permitted by the Committee and specified on the Deferral Election Form, a Participant who elects a distribution commencement date may also elect that if a Termination of Employment occurs prior to such distribution commencement date, the distribution commencement date shall be six months after the Termination of Employment. A Participant may make the deferral election with respect to all or a portion of an Award as permitted by the Committee. Any such distribution shall be made in such form(s) as permitted by the Committee at the time of deferral (including, if permitted by the Committee, a single distribution or distribution of a substantially equal number of Holding Units over a period of up to ten years) as elected by the Participant. If the Participant fails to properly fully complete and file with the Committee (or its designee) the Deferral Election Form on a timely basis, the Deferral Election Form and the deferral election shall be null and void. If deferrals are permitted by the Committee and the Participant is eligible to make a deferral election, such Deferral Election Form must be submitted to the Committee (or its delegate) no later than the last day of the calendar year prior to the Effective Date of an Award, except that a Deferral Election Form may also be submitted to the Committee (or its delegate) in accordance with the provisions set forth in Section 5.01(b) and (c).

(b) In the case of the first year in which a Participant becomes eligible to participate in the Program and with respect to services to be performed subsequent to such deferral election, a Deferral Election Form may be submitted within 30 days after the date the Participant becomes eligible to participate in the Program.

(c) A Deferral Election Form may be submitted at such other time or times as permitted by the Committee in accordance with Section 409A of the Code.

Section 5.02 *Changes in Time and Form of Distribution.* The elections set forth in a Participant's Deferral Election Form governing the payment of the vested portion of an Award pursuant to Section 5.01 shall be irrevocable as to the Award covered by such election; *provided, however*, if permitted by the Committee, a Participant shall be permitted to change the time and form of distribution of such Award by making a subsequent election on a Deferral Election Form supplied by the Committee for this purpose in accordance with procedures established by the Committee from time to time, provided that any such subsequent election does not take effect for at least 12 months, is made at least 12 months prior to the scheduled distribution commencement date for such Award and the subsequent election defers commencement of the distribution for at least five years from the date such payment otherwise would have been made. With regard to any installment payments, each installment thereof shall be deemed a separate payment for purposes of Section 409A, provided, however, the Committee may limit the ability to treat the deferral as a separate installment for purposes of changing the time and form of payment. Whenever a payment under the Program specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Committee.

ARTICLE 6
ADMINISTRATION; MISCELLANEOUS

Section 6.01 *Administration*. The Program is intended to constitute an unfunded, non-qualified incentive plan within the meaning of ERISA and shall be administered by the Committee as such. The APCP Deferral Plan is intended to be an unfunded, non-qualified deferred compensation plan within the meaning of ERISA and shall be administered by the Committee as such. The right of any Participant or Beneficiary to receive distributions under the Program shall be as an unsecured claim against the general assets of AllianceBernstein. Notwithstanding the foregoing, AllianceBernstein, in its sole discretion, may establish a “rabbi trust” or separate custodial account to pay benefits hereunder. The Committee shall have the full power and authority to administer and interpret the Program and to take any and all actions in connection with the Program, including, but not limited to, the power and authority to prescribe all applicable procedures, forms and agreements. The Committee’s interpretation and construction of the Program shall be conclusive and binding on all Persons.

Section 6.02 *Authority to Vary Terms of Awards*. The Committee shall have the authority to grant Awards other than as described herein, subject to such terms and conditions as the Committee shall determine in its discretion.

Section 6.03 *Amendment, Suspension and Termination of the Program*. The Committee reserves the right at any time, without the consent of any Participant or Beneficiary and for any reason, to amend, suspend or terminate the Program in whole or in part in any manner; provided that no such amendment, suspension or termination shall reduce the balance in any Account prior to such amendment, suspension or termination or impose additional conditions on the right to receive such balance, except as required by law.

Section 6.04 *General Provisions*.

(a) To the extent provided by the Committee, each Participant may file with the Committee a written designation of one or more Persons, including a trust or the Participant’s estate, as the Beneficiary entitled to receive, in the event of the Participant’s death, any amount or property to which the Participant would otherwise have been entitled under the Program. A Participant may, from time to time, revoke or change his or her Beneficiary designation by filing a new designation with the Committee. If (i) no such Beneficiary designation is in effect at the time of a Participant’s death, (ii) no designated Beneficiary survives the Participant, or (iii) a designation on file is not legally effective for any reason, then the Participant’s estate shall be the Participant’s Beneficiary.

(b) Neither the establishment of the Program nor the grant of any Award or any action of any Company, the Board, or the Committee pursuant to the Program, shall be held or construed to confer upon any Participant any legal right to be continued in the employ of any Company. Each Company expressly reserves the right to discharge any Participant without liability to the Participant or any Beneficiary, except as to any rights which may expressly be conferred upon the Participant under the Program.

(c) An Award hereunder shall not be treated as compensation, whether upon such Award's grant, vesting, payment or otherwise, for purposes of calculating or accruing a benefit under any other employee benefit plan except as specifically provided by such other employee benefit plan.

(d) Nothing contained in the Program, and no action taken pursuant to the Program, shall create or be construed to create a fiduciary relationship between any Company and any other person.

(e) Neither the establishment of the Program nor the granting of an Award hereunder shall be held or construed to create any rights to any compensation, including salary, bonus or commissions, nor the right to any other Award or the levels thereof under the Program.

(f) No Award or right to receive any payment may be transferred or assigned, pledged or otherwise encumbered by any Participant or Beneficiary other than by will, by the applicable laws of descent and distribution or by a court of competent jurisdiction. Any other attempted assignment or alienation of any payment hereunder shall be void and of no force or effect.

(g) If any provision of the Program shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining provisions of the Program, and the Program shall be construed and enforced as if the illegal or invalid provision had not been included in the Program.

(h) Any notice to be given by the Committee under the Program to any party shall be in writing addressed to such party at the last address shown for the recipient on the records of any Company or subsequently provided in writing to the Committee. Any notice to be given by a party to the Committee under the Program shall be in writing addressed to the Committee at the address of AllianceBernstein.

(i) Section headings herein are for convenience of reference only and shall not affect the meaning of any provision of the Program.

(j) The Program shall be governed and construed in accordance with the laws of the State of New York.

(k) There shall be withheld from each payment made pursuant to the Program any tax or other charge required to be withheld therefrom pursuant to any federal, state or local law. A Company by whom a Participant is employed shall also be entitled to withhold from any compensation payable to a Participant any tax imposed by Section 3101 of the Code, or any successor provision, on any amount credited to the Participant; *provided, however*, that if for any reason the Company does not so withhold the entire amount of such tax on a timely basis, the Participant shall be required to reimburse AllianceBernstein for the amount of the tax not withheld promptly upon AllianceBernstein's request therefore. With respect to Restricted Units: (i) in the event that the Committee determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the Restricted Units or the vesting of Restricted Units (a "**Withholding Amount**") then, in the discretion of the Committee, either (X) prior to or contemporaneously with the delivery of Holding Units to the recipient, the recipient shall pay the Withholding Amount to AllianceBernstein in cash or in vested Holding Units already owned by the recipient (which are not subject to a pledge or other security interest), or a combination of cash and such Holding Units, having a total fair market value, as determined by the Committee, equal to the Withholding Amount; (Y) AllianceBernstein shall retain from any vested Holding Units to be delivered to the recipient that number of Holding Units having a fair market value, as determined by the Committee, equal to the Withholding Amount (or such portion of the Withholding Amount that is not satisfied under clause (X) as payment of the Withholding Amount; or (Z) if Holding Units are delivered without the payment of the Withholding Amount pursuant to either clause (X) or (Y), the recipient shall promptly pay the Withholding Amount to AllianceBernstein on at least seven business days notice from the Committee either in cash or in vested Holding Units owned by the recipient (which are not subject to a pledge or other security interest), or a combination of cash and such Holding Units, having a total fair market value, as determined by the Committee, equal to the Withholding Amount, and (ii) in the event that the recipient does not pay the Withholding Amount to AllianceBernstein as required pursuant to clause (i) or make arrangements satisfactory to AllianceBernstein regarding payment thereof, AllianceBernstein may withhold any unpaid portion thereof from any amount otherwise due the recipient from AllianceBernstein.

ALLIANCEBERNSTEIN 2013 DEFERRED CASH COMPENSATION PROGRAM

This AllianceBernstein 2013 Deferred Cash Compensation Program (the “**Program**”), under the AllianceBernstein 2013 Incentive Compensation Award Program (the “**ICAP**”), has been adopted by the Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of AllianceBernstein Corporation, the general partner of AllianceBernstein L.P. (“**AllianceBernstein**”) and AllianceBernstein Holding L.P. (“**Holding**”). Any cash awards granted under this Program shall be governed solely by this Program document, the ICAP and the terms of any related award agreement.

ARTICLE 1
DEFINITIONS

Section 1.01 *Definitions*. Whenever used in the Program, each of the following terms shall have the meaning for that term set forth below:

- (a) “**Account**”: a separate bookkeeping account established for each Participant for each Award, with such Award, as described in Article 2, credited to the Account maintained for such Award.
 - (b) “**Award**”: any award granted subject to the Program.
 - (c) “**Award Agreement**”: an agreement between a Participant and a Company setting forth the terms of an Award.
 - (d) “**Beneficiary**”: one or more Persons, trusts, estates or other entities, designated in accordance with Section 5.04(a), that are entitled to receive, in the event of a Participant’s death, any amount or property to which the Participant would otherwise have been entitled under the Program.
 - (e) “**Beneficiary Designation Form**”: the form established from time to time by the Committee that a Participant completes, signs and returns to the Company to designate one or more Beneficiaries.
 - (f) “**Board**”: the Board of Directors of the general partner of Holding and AllianceBernstein.
 - (g) “**Cause**”: shall have the meaning assigned to it in the Award Agreement. To the extent that the term “Cause” is not defined in the Award Agreement, all references to the term “Cause” herein shall be inapplicable.
 - (h) “**Code**”: the Internal Revenue Code of 1986, as amended from time to time.
 - (i) “**Committee**”: the Compensation Committee of the Board or one or more other committees of the Board designated by the Board to administer the Program; or if no such committee exists or is designated, the Board.
-

(j) **“Company”**: Holding, AllianceBernstein and any corporation or other entity of which Holding or AllianceBernstein currently has sufficient voting power to elect at least a majority of its board of directors or other governing body, as the case may be, or (ii) otherwise has the power to direct or cause the direction of its management and policies.

(k) **“Disability”**: shall have the meaning assigned to it in the Award Agreement. To the extent that the term “Disability” is not defined in the Award Agreement, all references to the term “Disability” herein shall be inapplicable.

(l) **“Effective Date”**: the date Awards are approved by the Committee.

(m) **“Eligible Employee”**: an active employee of a Company who the Committee determines to be eligible for an Award.

(n) **“ERISA”**: the Employee Retirement Income Security Act of 1974, as amended.

(o) **“Participant”**: any Eligible Employee of any Company who has been designated by the Committee to receive an Award for any calendar year and who thereafter remains employed by a Company.

(p) **“Person”**: any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.

(q) **“Program”**: the AllianceBernstein 2013 Deferred Cash Compensation Program, as amended.

(r) **“Termination of Employment”**: the Participant is no longer performing services as an employee of any Company, other than pursuant to a severance or special termination arrangement, and has had a “separation from service” within the meaning of Section 409A of the Code.

ARTICLE 2 PARTICIPATION

Section 2.01 *Eligibility*. The Committee, in its sole discretion, will designate those Eligible Employees who will receive Awards with respect to a calendar year. In making such designation, the Committee may consider any criteria that it deems relevant, which may include an Eligible Employee’s position with a Company and the manner in which the Eligible Employee is expected to contribute to the future growth and success of the Company. The Committee may vary the amount of Awards to a particular Participant from year to year and may determine that a Participant who received an Award for a particular year is not eligible to receive any Award with respect to any subsequent year. An Eligible Employee who is a member of the Committee during a particular year shall be eligible to receive an Award for that year only if the Award is approved by the majority of the other members of the Committee.

Section 2.02 *Grant of Awards.* The amount of cash constituting an Award will be determined by the Committee in its sole and absolute discretion in U.S. dollars and will be credited to the Participant's Account as of such Effective Date. If the Participant is based outside the United States, such amount will be converted into the local currency of the Participant as of the Effective Date for such Award based on the exchange rates on such Effective Date; from and after such Effective Date, the Award shall be treated for all purposes as a grant in that currency. Awards vest in accordance with the terms set forth in the Award Agreement, and any such vested Award will be subject to the rules on distributions set forth below in Articles 4 and 5, respectively. As soon as reasonably practicable after the end of each calendar year, a statement shall be provided to each such Participant indicating the current balance in each Account maintained for the Participant as of the end of the calendar year.

Section 2.03 *Interest.* Interest on Awards will be accrued monthly based on AllianceBernstein's monthly weighted average cost of funds. The return will be nominal. The interest earned will be credited to the Participant's Account balance annually.

ARTICLE 3 VESTING AND FORFEITURES

Section 3.01 *Vesting.* Terms related to vesting of Awards are set forth in the Award Agreement.

Section 3.02 *Forfeitures.* Terms related to forfeiture of Awards are set forth in the Award Agreement.

ARTICLE 4 DISTRIBUTIONS

Section 4.01 *General.* No Award will be distributed unless such distribution is permitted under this Article 4. The distribution of the vested portion of an Award shall be made in cash in the local currency of the Participant. Any portion of an Award that is not vested will not be distributed hereunder.

Section 4.02 *Distributions.*

(a) Unless otherwise provided in the Award Agreement, a Participant who has not incurred a Disability or a Termination of Employment will have the vested portion of his or her Award distributed to him or her within 70 days after such portion vests under the applicable vesting provisions set forth in the Award Agreement.

(b) Unless otherwise provided in the Award Agreement, a Participant who has had a Disability or a Termination of Employment will have the balance of any vested Award not distributed under Section 4.02(a) distributed to him or her as follows:

(i) In the event of a Participant's Disability, a distribution will be made to the Participant within 70 days following the Participant's Disability.

(ii) In the event of a Participant's Termination of Employment due to the Participant's death, a distribution will be made to the Participant's Beneficiary within 70 days following the 180th day anniversary of the death.

(iii) In the event of a Participant's Termination of Employment for any reason other than Disability or death, distributions due with respect to the Award, if any, shall be made in the same manner as prescribed in Section 4.02(a) above.

Section 4.03 *Documentation.* Each Participant and Beneficiary shall provide the Committee with any documentation required by the Committee for purposes of administering the Program.

ARTICLE 5 ADMINISTRATION; MISCELLANEOUS

Section 5.01 *Administration.* To the extent a Participant is a U.S. taxpayer or receives U.S. source income, the Program is intended to constitute an unfunded, non-qualified incentive plan within the meaning of ERISA and shall be administered by the Committee as such. The right of any Participant or Beneficiary to receive distributions under the Program shall be as an unsecured claim against the general assets of AllianceBernstein. Notwithstanding the foregoing, AllianceBernstein, in its sole discretion, may establish a "rabbi trust" or separate custodial account to pay benefits hereunder. The Committee shall have the full power and authority to administer and interpret the Program and to take any and all actions in connection with the Program, including, but not limited to, the power and authority to prescribe all applicable procedures, forms and agreements. The Committee's interpretation and construction of the Program shall be conclusive and binding on all Persons.

Section 5.02 *Authority to Vary Terms of Awards.* The Committee shall have the authority to grant Awards other than as described herein, subject to such terms and conditions as the Committee shall determine in its discretion.

Section 5.03 *Amendment, Suspension and Termination of the Program.* The Committee reserves the right at any time, without the consent of any Participant or Beneficiary and for any reason, to amend, suspend or terminate the Program in whole or in part in any manner; provided that no such amendment, suspension or termination shall reduce the balance in any Account prior to such amendment, suspension or termination or impose additional conditions on the right to receive such balance, except as required by law.

Section 5.04 *General Provisions.*

(a) To the extent provided by the Committee, each Participant may file with the Committee a written designation of one or more Persons, including a trust or the Participant's estate, as the Beneficiary entitled to receive, in the event of the Participant's death, any amount or property to which the Participant would otherwise have been entitled under the Program. A Participant may, from time to time, revoke or change his or her Beneficiary designation by filing a new designation with the Committee. If (i) no such Beneficiary designation is in effect at the time of a Participant's death, (ii) no designated Beneficiary survives the Participant, or (iii) a designation on file is not legally effective for any reason, then the Participant's estate shall be the Participant's Beneficiary.

(b) Neither the establishment of the Program nor the grant of any Award or any action of any Company, the Board or the Committee pursuant to the Program, shall be held or construed to confer upon any Participant any legal right to be continued in the employ of any Company. Each Company expressly reserves the right to discharge any Participant without liability to the Participant or any Beneficiary, except as to any rights which may expressly be conferred upon the Participant under the Program.

(c) An Award hereunder shall not be treated as compensation, whether upon such Award's grant, vesting, payment or otherwise, for purposes of calculating or accruing a benefit under any other employee benefit plan except as specifically provided by such other employee benefit plan.

(d) Nothing contained in the Program, and no action taken pursuant to the Program, shall create or be construed to create a fiduciary relationship between any Company and any other Person.

(e) Neither the establishment of the Program nor the granting of an Award hereunder shall be held or construed to create any rights to any compensation, including salary, bonus or commissions, nor the right to any other Award or the levels thereof under the Program.

(f) No Award or right to receive any payment may be transferred or assigned, pledged or otherwise encumbered by any Participant or Beneficiary other than by will, by the applicable laws of descent and distribution or by a court of competent jurisdiction. Any other attempted assignment or alienation of any payment hereunder shall be void and of no force or effect.

(g) If any provision of the Program shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining provisions of the Program, and the Program shall be construed and enforced as if the illegal or invalid provision had not been included in the Program.

(h) Any notice to be given by the Committee under the Program to any party shall be in writing addressed to such party at the last address shown for the recipient on the records of any Company or subsequently provided in writing to the Committee. Any notice to be given by a party to the Committee under the Program shall be in writing addressed to the Committee at the address of AllianceBernstein.

(i) Section headings herein are for convenience of reference only and shall not affect the meaning of any provision of the Program.

(j) To the extent not preempted by ERISA, the Program shall be governed and construed in accordance with the laws of the State of New York.

(k) There shall be withheld from each payment made pursuant to the Program any tax or other charge required to be withheld therefrom pursuant to any federal, state or local law. A Company by whom a Participant is employed shall also be entitled to withhold from any compensation payable to a Participant any tax imposed by Section 3101 of the Code, or any successor provision, on any amount credited to the Participant; *provided, however*, that if for any reason the Company does not so withhold the entire amount of such tax on a timely basis, the Participant shall be required to reimburse AllianceBernstein for the amount of the tax not withheld promptly upon AllianceBernstein's request therefore.

ALLIANCE BERNSTEIN L.P.
2010 LONG TERM INCENTIVE PLAN

EFFECTIVE AS OF **JULY 1, 2010** AND WITH AMENDMENTS THROUGH **MAY 15, 2012**

SECTION 1. *Purpose.*

The purpose of the AllianceBernstein L.P. 2010 Long Term Incentive Plan (the “**PLAN**”) is to promote the interest of AllianceBernstein L.P. (together with any successor thereto, the “**PARTNERSHIP**”) by (i) attracting and retaining talented officers, employees and directors of the Partnership and its Affiliates, (ii) motivating such officers, employees and directors by means of performance-related incentives to achieve longer-range business and operational goals, (iii) enabling such officers, employees and directors to participate in the long-term growth and financial success of the Partnership, and (iv) aligning the interests of such officers, employees and directors with those of AllianceBernstein Holding L.P. (“**HOLDING**”) Unitholders.

SECTION 2. *Definitions.*

As used in the Plan, the following terms shall have the meanings set forth below:

“**AFFILIATE**” shall mean (i) any entity that, directly or indirectly, is controlled by the Partnership and (ii) any entity in which the Partnership has a significant equity interest, in either case as determined by the Committee.

“**AWARD**” shall mean any Option, Restricted Unit, Phantom Restricted Unit or Other Unit-Based Award.

“**AWARD AGREEMENT**” shall mean any written agreement, contract, offer letter or other instrument or document evidencing any Award.

“**BOARD**” shall mean the Board of Directors of the general partner of the Partnership.

“**CAUSE**” shall mean with respect to a Participant’s Termination of Employment, unless otherwise specified in the applicable Award Agreement, any of the following: (a) conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (i) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion; (ii) on a felony charge; or (iii) on a charge equivalent to any of the charges set forth in clauses (i) and (ii) in any jurisdiction that does not use such designations; (b) engaging in any conduct that constitutes an employment disqualification under applicable law (including any “statutory disqualification”, as defined under the Exchange Act); (c) failure to perform satisfactorily the duties associated with the Participant’s job function or to follow reasonable requests of his or her manager; (d) violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association to which the Partnership or any Affiliate is subject; (e) violation of any Partnership policy concerning confidential or proprietary information, or material violation of any other Partnership policy in effect from time to time; (f) engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Partnership or any Affiliate; or (g) engaging in any conduct detrimental to the Partnership or any Affiliate, including any activity deemed by management, the Committee or the Board to be competitive with the Partnership or any Affiliate. With respect to a Participant’s Termination of Directorship, unless otherwise specified in the applicable Award Agreement, “cause” shall mean an act or failure to act that constitutes cause for removal of a director under applicable Delaware law.

“**CLOSING PRICE**” on any date shall mean the closing price for a Unit or, if no sale of a Unit occurred on such date, the closing price for a Unit on the most recent preceding date on which the sale of a Unit occurred, in either case as reported on the principal stock market or exchange on which the Units are quoted or traded on such date or, if the Units are not so quoted or traded on such date, in such manner as determined by the Committee in its sole discretion.

“**CODE**” shall mean the U.S. Internal Revenue Code of 1986, as amended.

“**COMMITTEE**” shall mean the Compensation Committee of the Board as appointed from time to time by the Board, or another committee of the Board designated by the Board to administer the Plan.

“**ELIGIBLE EMPLOYEE**” shall mean any employee of the Partnership or any Affiliate.

“**EXCHANGE ACT**” shall mean the U.S. Securities Exchange Act of 1934, as amended.

“**FAIR MARKET VALUE**” shall mean, unless otherwise required by any applicable provision of the Code, as of any date and except as provided below, (i) with respect to a Unit, the Closing Price for such Unit on such date, and (ii) with respect to any other property, the fair market value of such property as determined by the Board or the Committee in its sole discretion.

“**NON-MANAGEMENT DIRECTOR**” shall mean a member of the Board who is (i) “independent” within the meaning of Section 303A.02 of the New York Stock Exchange Listed Company Manual or other applicable law or applicable stock exchange rules, as determined by the Board in its business judgment, or (ii) a former executive or former employee of an affiliate of Holding (for this purpose only, “affiliate” includes any company or other entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Partnership).

“**OPTION**” shall mean an option granted under Section 6(a).

“**OTHER UNIT-BASED AWARD**” shall mean any right granted under Section 6(c).

“**PARTICIPANT**” shall mean any Eligible Employee or Non-Management Director granted an Award under the Plan.

“**PERSON**” shall mean any individual, corporation, partnership, limited liability company, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.

“**PHANTOM RESTRICTED UNIT**” shall mean any Award granted under Section 6(b) as a Phantom Restricted Unit.

“**PRIOR PLAN**” shall mean either of the Partnership’s (i) Amended and Restated 1997 Long Term Incentive Plan as amended and restated effective as of January 1, 2005 (as amended through November 28, 2007) or (ii) Century Club Plan.

“**RESTRICTED UNIT**” shall mean any Unit granted under Section 6(b) as a Restricted Unit.

“**SUBSTITUTE AWARDS**” shall mean Awards granted in assumption of, or in substitution for, outstanding awards previously granted by an entity or business acquired by the Partnership or any Affiliate, or with which the Partnership or any Affiliate combines.

“**TERMINATION**” shall mean a Termination of Directorship or Termination of Employment, as applicable.

“**TERMINATION OF DIRECTORSHIP**” shall mean that a Participant has ceased to be a director of the Partnership; except that if the Participant becomes an Eligible Employee upon the termination of his or her directorship, unless otherwise determined by the Board or the Committee in its sole discretion, the Participant shall not experience a Termination until the Participant has a Termination of Employment.

“**TERMINATION OF EMPLOYMENT**” shall mean: (a) a termination of employment of a Participant from the Partnership and its Affiliates; or (b) an entity employing a Participant ceasing to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Partnership or another Affiliate at the time the entity ceases to be an Affiliate. Notwithstanding the foregoing, the Committee may otherwise define Termination of Employment in the Award Agreement or, if no rights of a Participant are adversely affected, may otherwise define Termination of Employment thereafter.

“**UNITS**” shall mean units representing assignments of beneficial ownership of limited partnership interests in Holding.

SECTION 3. *Administration.*

(a) *Authority of Committee.* The Plan shall be administered by the Committee. Subject to the terms of the Plan and applicable law, in addition to other express powers and authorizations conferred on the Committee by the Plan, and except as otherwise limited by the Board, the Committee shall have full power and authority to (i) designate Participants; (ii) determine the type or types of Awards to be granted to an Eligible Employee or, subject to Section 3(b), a Non-Management Director; (iii) determine the number of Units to be covered by, or with respect to which payments, rights or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of Awards, not inconsistent with the terms of the Plan; (v) determine whether, to what extent and under what circumstances Awards may be exercised, settled, canceled, forfeited or suspended and the method or methods by which Awards may be exercised, settled, canceled, forfeited or suspended; (vi) determine whether and under what circumstances Awards may be exercised for or settled in cash, Units and/or Restricted Units, (vii) determine whether, to what extent and under what circumstances cash, Units and/or Restricted Units payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee, and in any event, in accordance with Section 409A of the Code; (viii) determine whether to require a Participant, as a condition of the granting of an Award, to not sell or otherwise dispose of Units acquired pursuant to the exercise or settlement of the Award for a period of time as determined by the Committee, in its sole discretion; (ix) determine the terms of any Award Agreement, including terms relating to retirement, forfeiture, termination, garden leave and restrictive covenants (such as non-competition, non-solicitation and non-disparagement); (x) determine whether an Option shall cease to be exercisable or an Award shall be forfeited, or that proceeds or profits applicable to an Award shall be returned to the Partnership, in each case, in the event that the applicable Participant fails to adhere to the terms and conditions specified in the applicable Award Agreement; (xi) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (xii) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xiii) subject to the terms of the Plan and applicable law, delegate to one or more officers or managers of the Partnership or any Affiliate, or to a committee of such officers or managers, the authority, subject to such terms and limitations as the Committee shall determine, to grant Awards to, or to cancel, modify or waive rights with respect to, or to alter, discontinue, suspend or terminate Awards held by, individuals who receive Awards as part of recruitment, severance or retirement arrangements and/or Eligible Employees who are not executive officers or directors of the Partnership for purposes of Section 16 of the Exchange Act, or any successor section thereto, or who are otherwise not subject to such Section; and (xiv) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(b) *Grants of Awards to Non-Management Directors.* Notwithstanding the provisions of Section 3(a), grants of Awards to Non-Management Directors must be approved by the Board.

(c) *Committee Discretion Binding.* Unless otherwise expressly provided in the Plan, and subject to Section 3(b), all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all Persons, including the Partnership, any Affiliate, any Participant, any holder or beneficiary of any Award, any Unitholder and any Eligible Employee or any Non-Management Director.

(d) *Guidelines.* Subject to Section 8, the Committee shall have the authority to: (i) adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and applicable stock exchange rules), as it shall, from time to time, deem advisable; (ii) construe and interpret the terms and provisions of the Plan and any Award (and any agreements relating to the Plan or such Award); and (iii) otherwise supervise the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. Notwithstanding the foregoing, no action of the Committee under this Section 3(d) shall materially reduce the rights of any Participant relating to any existing Award without the Participant's consent. To the extent applicable, the Plan is intended to comply with the applicable requirements of Rule 16b-3 under the Exchange Act, and the Plan shall be limited, construed and interpreted in a manner so as to comply therewith. Without limiting the generality of the foregoing, the Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to the taxes of, any domestic or foreign jurisdictions, to comply with applicable laws, regulations, or accounting, listing or other rules with respect to such domestic or foreign jurisdictions, including but not limited to otherwise defining Fair Market Value and Closing Price.

(e) *Assistance of Employees and Advisors; Liability and Indemnification.*

(i) The Committee may designate employees of the Partnership and professional advisors to assist the Committee in the administration of the Plan and (to the extent permitted by applicable law and applicable exchange rules) may grant authority to officers or other employees to execute agreements or other documents on behalf of the Committee.

(ii) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or the Board in the engagement of any such counsel, consultant or agent shall be paid by the Partnership. The Committee, its members and any person designated pursuant to Section 3(e)(i) shall not be liable for any action or determination made in good faith with respect to the Plan. To the maximum extent permitted by applicable law, no officer of the Partnership or member or former member of the Committee or the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award.

(iii) To the maximum extent permitted by applicable law and the amended and restated agreements of limited partnership of the Partnership and/or Holding ("**ORGANIZATIONAL DOCUMENTS**"), each officer and member or former member of the Committee or the Board shall be indemnified and held harmless by the Partnership and Holding against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Committee) or liability (including any sum paid in settlement of a claim with the approval of the Committee), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of the Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification such officer, member or former member may have under applicable law or under the Organizational Documents, the organizational documents of any Affiliate or any agreement of indemnification. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Awards granted to him or her under the Plan.

SECTION 4. *Units Available for Awards.*

(a) *Units Available.*

(i) Subject to adjustment as provided in Sections 4(b) and (c), the number of Units with respect to which Awards may be granted under the Plan shall be 30 million, less one Unit for every one Unit that was subject to an award (including options) granted after the effective date of the Plan under either of the Prior Plans. Any Units that are subject to Awards (including Options) shall be counted against this limit as one Unit for each Unit granted.

(ii) If any Units covered by an Award granted under the Plan (other than Substitute Awards) or by an award granted after the effective date of the Plan under either of the Prior Plans, or to which such Award or award related, are forfeited, or if such Award or award terminates or is canceled without the delivery of Units, or is exercised for or settled in cash, then the Units covered by such Award or award, or to which such Award or award relates, or the number of Units otherwise counted against the aggregate number of Units with respect to which Awards may be granted, to the extent of any such forfeiture, termination, cancellation, or cash exercise or settlement, shall again become Units with respect to which Awards may be granted in accordance with this Section 4.

(b) *Availability of Certain Units.*

(i) In determining the number of Units available for Awards, if Units otherwise deliverable in respect of Awards under the Plan (other than Substitute Awards) or awards granted after the effective date of the Plan under either of the Prior Plans are withheld for payment of withholding taxes in respect of such Awards or awards, the number of Units so withheld shall be available for Awards under the Plan.

(ii) Units reacquired by the Partnership on the open market or otherwise also shall be available for Awards under the Plan, provided that the aggregate number of such reacquired Units the Partnership may use to make Awards under the Plan shall not exceed 30 million; and provided further that the Partnership may use up to 30 million additional such reacquired Units to make Awards under the Plan if and to the extent that Units with respect to which Awards may be granted under Section 4(a)(i) above have not been granted.

(iii) The Units available for Awards under the Plan shall also be available to exchange for units of limited partnership interest in the Partnership on a one-for-one basis if, and to the extent to which, the Partnership issues such units to Eligible Employees under the Partnership's employee incentive compensation programs. Any Units that are so exchanged will be counted against the Unit limit under the Plan.

(iv) To avoid double-counting, any Units underlying Substitute Awards shall not be counted against the Units available for Awards under the Plan. Additionally, in the event that an entity acquired by the Partnership or an Affiliate, or with which the Partnership or an Affiliate combines, has securities available under a pre-existing plan approved by equity holders and not adopted in contemplation of such acquisition or combination, the securities available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of securities of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the number of Units authorized for grant under the Plan; provided that Awards using such available securities shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent such acquisition or combination, and shall not be made to individuals who were employed by the Partnership or its Affiliates immediately before such acquisition or combination.

(c) Adjustments.

(i) In the event that any distribution (whether in the form of cash, limited partnership interests, other securities or other property), recapitalization (including, without limitation, any subdivision or combination of limited partnership interests), reorganization, consolidation, combination, repurchase, or exchange of limited partnership interests or other securities of the Partnership or Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of the Partnership or Holding, any incorporation (or other change in form) of the Partnership or Holding, or other similar transaction or event affects the Units such that an adjustment is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust, as applicable, (A) the number of Units or other securities of the Partnership or Holding (or the number and kind of other securities or property) with respect to which Awards may be granted under Sections 4(a) and (b), (B) the number of Units or other securities of the Partnership or Holding (or the number and kind of other securities or property) subject to outstanding Awards, and (C) the exercise or purchase price with respect to any Award, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award. In the event of incorporation (or other change in form) of the Partnership or Holding, the Committee shall make such adjustments as it deems appropriate and equitable with respect to Options for the optionee to purchase stock in the resulting corporation in place of the Options. Any such adjustment or arrangement may provide for the elimination without compensation of any fractional Unit which might otherwise become subject to an Option, and shall be subject to Section 3(c).

(ii) In the event of (A) the consummation of any merger or consolidation of the Partnership or Holding in which the Partnership or Holding (as applicable) is not the continuing or surviving entity, (B) any transaction that results in the acquisition of all or substantially all of the outstanding Units by a single person or entity or by a group of persons and/or entities acting in concert, or (C) the sale or transfer of all or substantially all of the Partnership's or Holding's assets (each of the foregoing being referred to as an "ACQUISITION EVENT"), then the outstanding Awards held by each Participant shall be subject to the agreement with respect to such Acquisition Event, which agreement may, subject to the terms of the applicable Award Agreements and in accordance with Section 409A of the Code, provide for (i) the continuation or assumption of such Awards by the Partnership or Holding (or the successor or surviving entity); (ii) the substitution for such Awards by such successor or surviving entity with equity-based awards with substantially the same terms and economic value; (iii) the acceleration prior to the closing of such Acquisition Event of the vesting and exercisability of any such Awards that are Options or Other Unit-Based Awards that are scheduled to become exercisable by such Participant, and the expiration of such Awards to the extent not timely exercised by such Participant prior to such closing or such other earlier time determined by the Committee, after reasonable advance written notice thereof to such Participant; provided that any such exercise shall be contingent on the consummation of such Acquisition Event; and/or (iv) the cancellation of all or any portion of such Awards as of immediately prior to such Acquisition Event, in exchange for a cash payment on such terms and conditions as determined by the Committee, the amount of which may be zero in the case of any Option with an exercise price that exceeds the Fair Market Value of the Units subject to such Option.

SECTION 5. Eligibility.

All Eligible Employees and Non-Management Directors shall be eligible to be granted Awards and to be designated as Participants under the Plan. Awards and actual participation in the Plan shall be determined by the Committee (subject to Section 3(b)) or the Board in its sole discretion.

SECTION 6. Awards.

(a) Options.

(i) *Grant.* Subject to the terms of the Plan, the Committee shall (subject to Section 3(b)) have sole and complete authority to determine the Eligible Employees and Non-Management Directors to whom Options shall be granted and, with respect to each Option, the number of Units to be covered by such Option, the exercise price of such Option and the conditions and limitations applicable to the exercise of such Option.

(ii) *Exercise Price.* The exercise price of an Option shall be not less than the Fair Market Value of the Units subject to the Option on the date the Option is granted.

(iii) *Exercise.* The Committee shall specify in the applicable Award Agreement the rate at which an Option shall become initially exercisable. No Option shall be exercisable after the expiration of ten years from the date of grant. The right to exercise an Option shall be cumulative, so that to the extent that an Option is not exercised when it becomes initially exercisable, it shall be exercisable at any time thereafter until the expiration of the term of the Option. The Committee may impose such conditions with respect to the exercise of Options, including without limitation, any relating to the application of federal or state securities laws, as it may deem necessary or advisable.

(iv) *Prohibition on Re-pricing.* Other than pursuant to Section 4(c), in the absence of approval by the holders of Units, neither the Board nor the Committee shall be permitted to (A) lower the exercise price per Unit of an Option after it is granted, (B) cancel an Option when the exercise price per Unit exceeds the Fair Market Value of the underlying Units in exchange for cash or another Award (other than in connection with Substitute Awards), or (C) take any other action with respect to an Option that may be treated as a re-pricing under the rules and regulations of the New York Stock Exchange or the applicable stock exchange upon which the Units are then listed.

(v) *Termination by Death or Disability.* Except as otherwise (A) provided in the applicable Award Agreement or (B) determined by the Committee at grant or (if no rights of the Participant are adversely affected) thereafter, if a Participant's Termination is by reason of death or "disability" (as defined in the applicable Award Agreement), all Options that are held by such Participant (whether or not they have previously vested) at the time of such Termination may be exercised by such Participant (or, in the case of death, by the legal representative of the Participant's estate) at any time within a period of one year from the date of such Termination, but in no event beyond the expiration of the stated term of such Options; provided, however, that in the case of "disability", if such Participant dies within such exercise period, all unexercised Options held by such Participant (whether or not they have previously vested) shall thereafter be exercisable for a minimum period of six months from the date of such death, but in no event beyond the expiration of the stated term of such Option.

(vi) *Termination for Cause.* Except as otherwise (A) provided in the applicable Award Agreement or (B) determined by the Committee at grant or (if no rights of the Participant are adversely affected) thereafter, if a Participant's Termination is (i) for Cause or (ii) a voluntary Termination after the occurrence of an event that would be grounds for a Termination for Cause, all Options then held by such Participant (whether or not they have previously vested) shall thereupon terminate and expire as of the date of such Termination or, if earlier, the date of the Cause event. If a Participant's service with the Partnership is suspended pending an investigation of whether such Participant shall be terminated for Cause, all of such Participant's rights under any Option shall be suspended during the period of investigation.

(vii) *Termination without Cause.* Except as otherwise (A) provided in the applicable Award Agreement or (B) determined by the Committee at grant or (if no rights of the Participant are adversely affected) thereafter, if a Participant's Termination is without Cause (other than by reason of death or "disability" or such Participant's voluntary Termination), all Options held by such Participant that are vested and exercisable at the time of such Termination may be exercised by such Participant at any time within a period of 90 days from the date of such Termination, but in no event beyond the expiration of the stated term of such Options.

(viii) *Voluntary Termination.* Except as otherwise (A) provided in the applicable Award Agreement or (B) determined by the Committee at grant or (if no rights of the Participant are adversely affected) thereafter, if a Participant's Termination is by reason of such Participant's voluntary Termination, all Options then held by such Participant (whether or not they have previously vested) shall terminate and expire as of the date of such Termination.

(ix) *Unvested Options.* Except as otherwise (A) provided in the applicable Award Agreement or in Section 6(a)(v) or (B) determined by the Committee at grant or (if no rights of the Participant are adversely affected) thereafter, Options that are not vested as of the date of a Participant's Termination of Employment shall terminate and expire as of the date of such Termination.

(b) Restricted Units and Phantom Restricted Units.

(i) *Grant.* Subject to the terms of the Plan, the Committee shall (subject to Section 3(b)) have sole and complete authority to determine the Eligible Employees and Non-Management Directors to whom Restricted Units and Phantom Restricted Units shall be granted, the number of Restricted Units and/or Phantom Restricted Units to be granted to each Participant, the duration of the period during which, and the conditions under which, the Restricted Units and/or Phantom Restricted Units vest, are distributed and may be forfeited to the Partnership, and the other terms and conditions of such Awards. Except for restrictions applicable to non-routine Awards (e.g., Awards for recruitment, severance or retirement) and Substitute Awards, restrictions applicable to Awards of Restricted Units and/or Phantom Restricted Units that lapse purely based on service shall lapse over a period of not less than three years (whether such lapse occurs ratably or otherwise, so long as such restrictions lapse not more than 50% in the first year), except upon a Termination due to death, "disability" or "retirement" (as such terms are defined in the applicable Award Agreement), or a change in control, unless (A) the grant of an Award (or acceleration of the lapse of restrictions applicable to an outstanding Award) is authorized by the Committee or the Board and (B) the cumulative number of Units subject to such Awards does not exceed 5% of the number of Units available for grant pursuant to Section 4(a) (as may be adjusted pursuant to Sections 4(b) and (c)); and provided that, where duly authorized by the Committee or the Board, continued vesting of Awards after a Termination in circumstances where such continued vesting is conditioned on compliance with (A) one or more restrictive covenants, and/or (B) a standard of conduct regarding appropriate consideration of risk

set forth in the applicable Award Agreement, shall count towards satisfying the minimum vesting requirement of this Section 6(b)(i).

(ii) *Transfer Restrictions.* Subject to Section 7(c), Restricted Units and Phantom Restricted Units may not be sold, assigned, transferred, pledged or otherwise encumbered, except as provided in the Plan or the applicable Award Agreement. Any certificate issued in respect of Restricted Units with respect to which transfer restrictions remain in effect shall bear a legend describing the restrictions to which the Restricted Units are subject. Upon the lapse of the restrictions applicable to such Restricted Units, the holder thereof may surrender to the Partnership the certificate or certificates representing such Units and receive in exchange therefor a new certificate or certificates representing such Units free of the legend (or an electronic transfer of such Units to a designated brokerage account of such holder's choosing) and a certificate or certificates representing the remainder of the Units, if any, with the legend.

(iii) *Payment.* Any Phantom Restricted Unit shall have a value equal to the Fair Market Value of a Unit. Phantom Restricted Units shall be paid in Units, other securities, cash or other property, as determined in the sole discretion of the Committee, upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement.

(iv) *Termination.* Except as otherwise (A) provided in the applicable Award Agreement or (B) determined by the Committee at grant or (if no rights of the Participant are adversely affected) thereafter, subject to the terms of the Plan, upon a Participant's Termination for any reason during the relevant restriction period, all Restricted Units and Phantom Restricted Units still subject to restriction will vest, continue to vest, be settled or be forfeited in accordance with the terms and conditions established by the Committee at grant or thereafter (if no rights of the Participant are adversely affected).

(c) *Other Unit-Based Awards.* The Committee shall (subject to Section 3(b)) have authority to grant to Eligible Employees and/or Non-Management Directors an Other Unit-Based Award, which shall consist of any right (including, without limitation, Unit appreciation rights and performance Awards) which is (i) not an Award described in Section 5, 6(a) or 6(b), and (ii) an Award of Units or an Award denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Units (including, without limitation, securities convertible into Units), as deemed by the Committee to be consistent with the purposes of the Plan. Subject to the terms of the Plan and the applicable Award Agreement, the Committee shall determine the terms and conditions of any such Other Unit-Based Award.

SECTION 7. *General Provisions Applicable to Awards.*

(a) *Awards May be Granted Separately or Together.* Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution for any other Award granted under the Plan or any award granted under any other plan of the Partnership or any Affiliate. Awards granted in addition to or in tandem with such other Award or award may be granted either at the same time as or at a different time from the grant of such other Award or award.

(b) *Forms of Payment by the Partnership Under Awards.* Subject to the terms of the Plan and of any applicable Award Agreement and the requirements of applicable law, payments or transfers to be made by the Partnership or an Affiliate upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine, including cash, Units, other securities, other Awards or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee in accordance with Section 409A of the Code. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments.

(c) *Limits on Transfers of Awards.* Except as otherwise provided by the Committee, no Award shall be transferable by a holder other than by will or the laws of descent and distribution.

(d) *Terms of Awards.* The term of each Award shall be for such period as may be determined by the Committee, to the extent not inconsistent with the terms of the Plan.

(e) *Consideration for Grants.* Awards may be granted for no cash consideration, for such nominal cash consideration as may be required by applicable law or for such greater amount as may be established by the Committee.

(f) *Distributions and Distribution Equivalents.* Subject to the terms of the Plan and compliance with Section 409A of the Code, the terms of any Award other than an Option (including a deferred Award) may provide, if so determined by the Committee in its sole discretion, for the payment of cash, Units or other property in respect of Unitholder distributions relating to the number of Units subject to such Award.

SECTION 8. *Amendment and Termination.*

(a) *Amendments to the Plan.* The Board or the Committee may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; provided, however, that no such amendment, alteration, suspension, discontinuation or termination shall be made without the approval of the limited partners of Holding (i) to increase the aggregate number of Units that may be issued under the Plan (except by operation of Section 4(c) or solely to reflect a reorganization, Unit split, merger, spinoff or similar transaction); (ii) change the maximum term of any Option; (iii) extend the period during which new Awards may be granted under the Plan; (iv) expand the types of Awards available under the Plan; (v) materially expand the class of officers, employees or directors eligible to participate in the Plan; (vi) alter Section 6(a)(iv) or any other language regarding re-pricing; or (vii) if such approval is necessary to comply with any tax or regulatory requirement for which or with which the Committee deems it necessary or desirable to qualify or comply. Notwithstanding anything to the contrary herein, the Committee may amend the Plan in such manner as may be necessary or advisable so as to have the Plan conform with local rules and regulations in any jurisdiction outside the United States.

(b) *Amendments to Awards.* The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted, prospectively or retroactively; provided, however, that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of such Participant, holder or beneficiary.

SECTION 9. *Miscellaneous.*

(a) *No Rights to Awards.* No Eligible Employee, Non-Management Director, Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Eligible Employees, Non-Management Directors, Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards need not be the same with respect to each recipient.

(b) *Unit Certificates.* All certificates for Units or other securities of the Partnership or any Affiliate delivered under the Plan pursuant to any Award or the exercise or settlement thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the U.S. Securities and Exchange Commission, any stock exchange upon which such Units or other securities are then listed, and any applicable federal, state or foreign laws or regulations, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(c) *Withholding.* A Participant may be required to pay to the Partnership or any Affiliate, and the Partnership or any Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or the Plan or from any compensation or other amount owing to a Participant, the amount (in cash, Units, other securities, other Awards or other property) of any applicable withholding taxes in respect of any Award, its exercise, or any payment or transfer under such Award or the Plan and to take such other actions as may be necessary in the opinion of the Partnership to satisfy all obligations for the payment of such taxes.

(d) *Award Agreements.* Each Award hereunder shall be evidenced by an Award Agreement which shall be made available to the Participant (whether electronically or otherwise) and shall specify the terms and conditions of such Award and any rules applicable thereto, including but not limited to the effect on such Award of the death, disability, retirement or other termination of service of a Participant.

(e) *No Limit on Other Compensation Arrangements.* Nothing contained in the Plan shall prevent the Partnership or any Affiliate from adopting or continuing in effect other compensation arrangements, including without limitation any such arrangements that provide for the grant of options, restricted Units, phantom restricted Units and other types of awards provided for hereunder (subject to approval of the limited partners of the Partnership if such approval is required), and such arrangements may be either generally applicable or applicable only in specific cases.

(f) *No Right to Employment or Retention as Director.* The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Partnership or any Affiliate, or to be retained as a Non-Management Director. Further, the Partnership or an Affiliate may at any time dismiss a Participant from service, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan, any Award Agreement or any other agreement between the Partnership or any Affiliate and the Participant.

(g) *No Rights as Unitholder.* Subject to the provisions of the applicable Award Agreement, no Participant or holder or beneficiary of any Award shall have any rights as a Unitholder with respect to any Units to be distributed under the Plan until he or she has become the holder of such Units.

(h) *Governing Law.* The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the internal laws of the State of New York.

(i) *Severability.* If any provision of the Plan or any Award Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or such Award Agreement, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and such Award Agreement shall remain in full force and effect.

(j) *Additional Powers.* The Committee may refuse to issue or transfer any Units or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Units or such other consideration might violate any applicable law or regulation or entitle the Partnership to recover the same under Section 16(b) of the Exchange Act, and any payment tendered to the Partnership by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to such Participant, holder or beneficiary. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Partnership, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. federal securities laws and any other laws to which such offer, if made, would be subject.

(k) *No Trust or Fund Created.* Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or fiduciary relationship between the Partnership or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Partnership or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Partnership or such Affiliate.

(l) *No Fractional Units.* No fractional Units shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Units or whether such fractional Units or any rights thereto shall be canceled, terminated or otherwise eliminated.

(m) *Headings.* Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

SECTION 10. *Term of the Plan.*

(a) *Effective Date.* The Plan shall be effective as of July 1, 2010 subject to approval by the limited partners of Holding and shall have a term of 10 years.

(b) *Expiration Date.* No Award shall be granted under the Plan after June 30, 2020. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue, or terminate such Award or to waive any conditions or rights under any such Award shall, extend beyond such date.

SECTION 11. *Section 409A of the Code.*

(a) Although none of the Committee, the Partnership, Holding, any of their affiliates or any of their agents make any guarantee with respect to the Plan or Awards granted hereunder and shall not be responsible in any event with regard to compliance with Section 409A of the Code, the Plan and the Awards granted hereunder are intended to be exempt from Section 409A of the Code or otherwise comply with the requirements of Section 409A of the Code, and the Plan and the applicable Award Agreements shall be limited, construed and interpreted in accordance with the foregoing. None of the Committee, the Partnership, Holding, any of their affiliates or any of their agents shall have any liability to any Participant or beneficiary as a result of any tax, interest, penalty or other payment required to be paid or due pursuant to, or because of a violation of, Section 409A of the Code.

(b) With regard to any distribution or payment with respect to an Award that is considered "nonqualified deferred compensation" under Section 409A of the Code, a Termination shall not be deemed to have occurred unless such Termination is also a "separation from service" within the meaning of Section 409A of the Code and, for purposes of such distribution or payment, references to a "Termination," "Termination of Employment," "Termination of Directorship" or like terms in the applicable Award Agreement or the Plan shall mean "separation from service." If the Participant is deemed on the date of Termination to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then with regard to any distribution or payment that is considered "nonqualified deferred compensation" under Section 409A of the Code payable on account of a "separation from service," such distribution or payment shall be paid or provided on the date (the "**PAYMENT DATE**") which is the earlier of (i) the expiration of the six-month period measured from the date of such "separation from service," and (ii) the date of the Participant's death. On the Payment Date, all distributions and payments delayed pursuant to this Section 11(b) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or provided to the Participant in a lump sum, and any remaining distributions and payments due under the Plan shall be paid or provided in accordance with the normal payment dates specified in the applicable Award Agreement or the Plan.

ALLIANCEBERNSTEIN
INCENTIVE COMPENSATION AWARD PROGRAM,
DEFERRED CASH COMPENSATION PROGRAM AND
2010 LONG TERM INCENTIVE PLAN

AWARD AGREEMENT FOR [INSERT AWARD YEAR] AWARDS [AND
CERTAIN AMENDMENTS TO PRIOR-YEAR AWARDS]

AWARD AGREEMENT, DATED AS OF [INSERT AWARD DATE], AMONG ALLIANCEBERNSTEIN L.P. (TOGETHER WITH ITS SUBSIDIARIES, "ALLIANCEBERNSTEIN"), ALLIANCEBERNSTEIN HOLDING L.P. ("HOLDING") AND <PARTC_NAME> ("PARTICIPANT"), AN EMPLOYEE OF ALLIANCEBERNSTEIN.

WHEREAS, THE COMPENSATION COMMITTEE ("COMMITTEE" OR "ADMINISTRATOR") OF THE BOARD OF DIRECTORS ("BOARD") OF ALLIANCEBERNSTEIN CORPORATION ("CORPORATION"), PURSUANT TO THE ALLIANCEBERNSTEIN [INSERT YEAR] INCENTIVE COMPENSATION AWARD PROGRAM ("INCENTIVE COMPENSATION PROGRAM") AND THE ALLIANCEBERNSTEIN 2010 LONG TERM INCENTIVE PLAN, AS AMENDED ("2010 PLAN" AND, TOGETHER WITH THE INCENTIVE COMPENSATION PROGRAM, THE "PLANS"), COPIES OF WHICH HAVE BEEN DELIVERED ELECTRONICALLY TO THE PARTICIPANT, HAS GRANTED TO THE PARTICIPANT AN AWARD ("AWARD") CONSISTING OF UNITS REPRESENTING ASSIGNMENTS OF THE BENEFICIAL OWNERSHIP OF LIMITED PARTNERSHIP INTERESTS IN HOLDING ("HOLDING UNITS") SUBJECT TO CERTAIN RESTRICTIONS DESCRIBED HEREIN ("RESTRICTED UNITS"), AND AUTHORIZED THE EXECUTION AND DELIVERY OF THIS AWARD AGREEMENT;

WHEREAS, THE COMMITTEE HAS GRANTED TO THE PARTICIPANT THE RIGHT TO RECEIVE A PORTION OF THE AWARD IN CASH INSTEAD OF RESTRICTED UNITS, AS CONTEMPLATED IN THE ALLIANCEBERNSTEIN [INSERT YEAR] DEFERRED CASH COMPENSATION PROGRAM ("DEFERRED CASH PROGRAM"); AND

[WHEREAS, THE COMMITTEE HAS APPROVED THE ADDITION OF CLARIFYING LANGUAGE TO CERTAIN AWARD AGREEMENTS (CONSISTENT WITH CLARIFYING LANGUAGE INCLUDED IN THIS AWARD AGREEMENT) PERTAINING TO PREVIOUSLY-GRANTED DEFERRED INCENTIVE COMPENSATION AWARDS, INCLUDING INCENTIVE COMPENSATION PROGRAM AWARDS, PARTNERS COMPENSATION PLAN AWARDS (TO THE EXTENT LONG-TERM DEFERRAL ELECTIONS REMAIN IN PLACE), CENTURY CLUB PLAN AWARDS, AWARDS OF OPTIONS TO BUY HOLDING UNITS (WHETHER PURSUANT TO THE SPECIAL OPTION PROGRAM OR OTHERWISE), DEFERRED CASH AWARDS AND RESTRICTED UNIT AWARDS;]²

NOW, THEREFORE, IN ACCORDANCE WITH THE GRANT OF THE AWARD, AND AS A CONDITION THERETO, ALLIANCEBERNSTEIN, HOLDING AND THE PARTICIPANT AGREE AS FOLLOWS:

¹ INCLUDE IF APPLICABLE.

² INCLUDE IF APPLICABLE.

1. GRANT. SUBJECT TO AND UNDER THE TERMS AND CONDITIONS SET FORTH IN THIS AWARD AGREEMENT AND THE PLANS, THE COMMITTEE HEREBY AWARDS TO THE PARTICIPANT THE AMOUNT OF DEFERRED CASH (“DEFERRED CASH”) ELECTED BY THE PARTICIPANT AND AS SET FORTH IN SECTION 2 OF SCHEDULE A AND THE NUMBER OF RESTRICTED UNITS SET FORTH IN SECTION 3 OF SCHEDULE A, TOGETHER WITH THE RIGHT TO RECEIVE INTEREST ON DEFERRED CASH, IF ELECTED, AS SPECIFIED IN SECTION 2 BELOW AND REGULAR CASH DISTRIBUTIONS WITH REGARD TO THE UNDERLYING HOLDING UNITS PURSUANT TO SECTION 2.03(A) OF THE INCENTIVE COMPENSATION PROGRAM. THE AGGREGATE DOLLAR AMOUNT OF THE AWARD (INCLUDING DEFERRED CASH AND RESTRICTED UNITS) WAS DETERMINED BY THE COMMITTEE ON [INSERT DATE OF COMPENSATION COMMITTEE MEETING AT WHICH AWARDS WERE APPROVED] WITH THE NUMBER OF RESTRICTED UNITS BEING BASED ON THE CLOSING PRICE OF A HOLDING UNIT ON THAT DATE.

2. EARNINGS ON DEFERRED CASH. INTEREST ON DEFERRED CASH, IF ELECTED, WILL BE ACCRUED MONTHLY BASED ON ALLIANCEBERNSTEIN’S MONTHLY WEIGHTED AVERAGE COST OF FUNDS. THE RETURN WILL BE NOMINAL. THE INTEREST EARNED WILL BE CREDITED TO THE PARTICIPANT’S DEFERRED CASH BALANCE ANNUALLY.

3. VESTING AND DISTRIBUTION. THE DEFERRED CASH AND RESTRICTED UNITS SHALL VEST IN ACCORDANCE WITH SECTION 5 OF SCHEDULE A SO LONG AS THE PARTICIPANT REMAINS EMPLOYED BY ALLIANCEBERNSTEIN ON EACH VESTING ANNIVERSARY, EXCEPT AS SPECIFICALLY SET FORTH IN SECTION 7 OF THIS AWARD AGREEMENT. ONCE THE DEFERRED CASH, IF ELECTED, HAS VESTED, CASH SHALL BE DISTRIBUTED TO THE PARTICIPANT AS SPECIFIED IN ARTICLE 4 OF THE DEFERRED CASH PROGRAM. ONCE RESTRICTED UNITS HAVE VESTED, HOLDING UNITS SHALL BE DISTRIBUTED TO THE PARTICIPANT AS SPECIFIED IN ARTICLE 4 OF THE INCENTIVE COMPENSATION PROGRAM.

4. NOTICE OF RESIGNATION. AS A CONDITION OF RECEIVING THE AWARD, THE PARTICIPANT AGREES THAT IN THE EVENT OF THE PARTICIPANT’S RESIGNATION, THE PARTICIPANT SHALL PROVIDE ALLIANCEBERNSTEIN WITH PRIOR WRITTEN NOTICE OF THE PARTICIPANT’S INTENT TO RESIGN BASED ON THE SCHEDULE SET FORTH BELOW. NOTWITHSTANDING THE TERMS OF ANY OTHER AGREEMENT BETWEEN THE PARTICIPANT AND ALLIANCEBERNSTEIN (OR ITS SUBSIDIARIES), INCLUDING, BUT NOT LIMITED TO, ANY EMPLOYMENT AGREEMENT, WHICH AGREEMENT SHALL BE DEEMED AMENDED BY THIS AWARD AGREEMENT, THE PARTICIPANT WILL CONTINUE TO BE ELIGIBLE FOR BASE SALARY OR DRAW, AVAILABLE HEALTH AND WELFARE BENEFITS, AND QUARTERLY DISTRIBUTION PAYMENTS ON UNVESTED RESTRICTED UNITS, SO LONG AS THE PARTICIPANT’S EMPLOYMENT WITH ALLIANCEBERNSTEIN CONTINUES DURING THE NOTICE PERIOD. ONCE THE PARTICIPANT HAS PROVIDED ALLIANCEBERNSTEIN WITH PRIOR WRITTEN NOTICE OF THE PARTICIPANT’S INTENT TO RESIGN, ALLIANCEBERNSTEIN MAY, IN ITS SOLE DISCRETION, EITHER SHORTEN THE PARTICIPANT’S NOTICE PERIOD AT ANY TIME DURING THE NOTICE PERIOD IN ACCORDANCE WITH SECTION 9 OF THIS AWARD AGREEMENT OR REQUIRE THE PARTICIPANT TO DISCONTINUE OR LIMIT REGULAR DUTIES, INCLUDING PROHIBITING THE PARTICIPANT FROM FURTHER ENTRY TO ANY OF ALLIANCEBERNSTEIN’S PREMISES. (IN EITHER CASE, THE PARTICIPANT SHALL BE TREATED AS HAVING INFORMED ALLIANCEBERNSTEIN OF HIS OR HER INTENT TO RESIGN AND CONTINUE TO BE OBLIGATED TO SATISFY THE REQUIREMENTS OF SECTION 7(c) OF THIS AWARD AGREEMENT.) IF ALLIANCEBERNSTEIN SHORTENS THE PARTICIPANT’S NOTICE PERIOD, THE PARTICIPANT’S RESIGNATION SHALL BECOME EFFECTIVE AS OF THE END OF THE SHORTENED NOTICE PERIOD AND, THEREAFTER, THE PARTICIPANT SHALL NOT RECEIVE SALARY OR DRAW, HEALTH AND WELFARE BENEFITS, QUARTERLY DISTRIBUTION PAYMENTS ON UNVESTED RESTRICTED UNITS, OR ANY RESTRICTED UNITS OR DEFERRED CASH THAT OTHERWISE WOULD HAVE VESTED IN ACCORDANCE WITH SECTION 5 OF SCHEDULE A. THE NOTICE PERIOD SHALL BE AS FOLLOWS:

SENIOR VICE PRESIDENT OR ABOVE:	90 DAYS
VICE PRESIDENT:	60 DAYS
ASSISTANT VICE PRESIDENT OR BELOW:	30 DAYS

5. COVENANTS. AS AN ADDITIONAL CONDITION OF RECEIVING THE AWARD, THE PARTICIPANT AGREES TO THE FOLLOWING COVENANTS AND REMEDIES FOR FAILURE TO COMPLY:

(A) COMPETITION. AT NO TIME WHILE EMPLOYED BY ALLIANCEBERNSTEIN (INCLUDING ANY APPLICABLE NOTICE PERIOD) SHALL THE PARTICIPANT PROVIDE COMPETING SERVICES, IN ANY CAPACITY, WHETHER AS AN EMPLOYEE, CONSULTANT, INDEPENDENT CONTRACTOR, OWNER, PARTNER, SHAREHOLDER, DIRECTOR OR OTHERWISE, TO ANY DIRECT COMPETITOR; PROVIDED, HOWEVER, THAT NOTHING HEREIN SHALL PREVENT THE PARTICIPANT FROM BEING A PASSIVE OWNER OF NOT MORE THAN 5% OF THE OUTSTANDING EQUITY OF ANY CLASS OF SECURITIES OF AN ENTITY THAT IS PUBLICLY TRADED AND THAT OWNS OR MAY ACQUIRE ANY CORPORATION OR BUSINESS THAT COMPETES WITH ALLIANCEBERNSTEIN. “COMPETING SERVICES” MEANS SERVICES PROVIDED TO A DIRECT COMPETITOR THAT INVOLVE (i) THE DIRECT OR INDIRECT SOLICITATION (INCLUDING THROUGH FINANCIAL INTERMEDIARIES OR CONSULTANTS) OF ACTUAL OR PROSPECTIVE CLIENTS OF ALLIANCEBERNSTEIN WITH RESPECT TO INVESTMENT MANAGEMENT OR RESEARCH PRODUCTS OR SERVICES; (ii) THE CREATION, MANAGEMENT OR MAINTENANCE (OR PROVIDING MATERIAL SUPPORT FOR, OR MANAGING OR SUPERVISING, THE CREATION, MANAGEMENT OR MAINTENANCE) OF AN INVESTMENT MANAGEMENT OR RESEARCH PRODUCT OR SERVICE THAT COMPETES DIRECTLY WITH A SIGNIFICANT INVESTMENT MANAGEMENT OR RESEARCH PRODUCT OR SERVICE THEN OFFERED OR PROVIDED BY ALLIANCEBERNSTEIN OR THAT ALLIANCEBERNSTEIN INTENDS TO OFFER OR PROVIDE AS PART OF A PLANNED BUSINESS; OR (iii) THE PARTICIPANT FUNCTIONING IN A SENIOR EXECUTIVE, OPERATIONAL, ADMINISTRATIVE, FINANCIAL, ADVISORY OR CONSULTING ROLE, WHICH IS THE SAME AS OR SUBSTANTIALLY SIMILAR TO THE PARTICIPANT’S ROLE WITH ALLIANCEBERNSTEIN. “DIRECT COMPETITOR” MEANS A BUSINESS THAT OFFERS OR PROVIDES PRODUCTS OR SERVICES THAT COMPETE DIRECTLY WITH PRODUCTS OR SERVICES OFFERED OR PROVIDED BY ALLIANCEBERNSTEIN OR THAT ALLIANCEBERNSTEIN INTENDS TO OFFER OR PROVIDE AS PART OF A PLANNED BUSINESS, WHERE THE BUSINESS ACTIVITIES OF THE DIRECT COMPETITOR EITHER CONSTITUTE OR CAN REASONABLY BE EXPECTED TO CONSTITUTE MEANINGFUL COMPETITION FOR ALLIANCEBERNSTEIN. “PLANNED BUSINESS” MEANS A BUSINESS: (i) THAT THE PARTICIPANT IS AWARE THAT ALLIANCEBERNSTEIN PLANS TO ENTER WITHIN SIX MONTHS AFTER THE PARTICIPANT’S LAST DATE OF EMPLOYMENT, (ii) THAT IS MATERIAL TO THE ALLIANCEBERNSTEIN ENTITY OR BUSINESS UNIT THAT PLANS TO ENTER SUCH BUSINESS, AND (iii) IN WHICH SUCH ALLIANCEBERNSTEIN ENTITY OR BUSINESS UNIT HAS INVESTED MATERIAL RESOURCES (INCLUDING TIME OF SENIOR MANAGEMENT) IN PREPARATION FOR LAUNCH.

(B) EMPLOYEE SOLICITATION. AT NO TIME WHILE EMPLOYED BY ALLIANCEBERNSTEIN (INCLUDING ANY APPLICABLE NOTICE PERIOD) SHALL THE PARTICIPANT (WHETHER DIRECTLY OR INDIRECTLY THROUGH INSTRUCTION TO ANY OTHER PERSON OR ENTITY) RECRUIT, SOLICIT OR HIRE ANY EMPLOYEE OF ALLIANCEBERNSTEIN TO WORK FOR THE PARTICIPANT OR ANY OTHER PERSON OR ENTITY.

(C) CONFIDENTIALITY. FROM THE DATE HEREOF AND CONTINUING AFTER THE PARTICIPANT'S LAST DATE OF EMPLOYMENT, AND EXCEPT AS OTHERWISE REQUIRED BY LAW, THE PARTICIPANT SHALL NOT DISCLOSE OR MAKE ACCESSIBLE TO ANY BUSINESS, PERSON OR ENTITY, OR MAKE USE OF (OTHER THAN IN THE COURSE OF THE BUSINESS OF ALLIANCEBERNSTEIN) ANY TRADE SECRETS, PROPRIETARY KNOWLEDGE OR CONFIDENTIAL INFORMATION THAT THE PARTICIPANT SHALL HAVE OBTAINED DURING HIS OR HER EMPLOYMENT BY ALLIANCEBERNSTEIN AND THAT SHALL NOT BE GENERALLY KNOWN TO OR RECOGNIZED BY THE GENERAL PUBLIC. ALL INFORMATION REGARDING OR RELATING TO ANY ASPECT OF THE BUSINESS OF ALLIANCEBERNSTEIN, INCLUDING BUT NOT LIMITED TO THAT RELATING TO EXISTING OR CONTEMPLATED BUSINESS PLANS, ACTIVITIES OR PROCEDURES, CURRENT OR PROSPECTIVE CLIENTS, CURRENT OR PROSPECTIVE CONTRACTS OR OTHER BUSINESS ARRANGEMENTS, CURRENT OR PROSPECTIVE PRODUCTS, FACILITIES AND METHODS, MANUALS, INTELLECTUAL PROPERTY, PRICE LISTS, FINANCIAL INFORMATION (INCLUDING THE REVENUES, COSTS, OR PROFITS ASSOCIATED WITH ANY OF THE PRODUCTS OR SERVICES OF ALLIANCEBERNSTEIN), OR ANY OTHER INFORMATION ACQUIRED BECAUSE OF THE PARTICIPANT'S EMPLOYMENT BY ALLIANCEBERNSTEIN, SHALL BE CONCLUSIVELY PRESUMED TO BE CONFIDENTIAL; PROVIDED, HOWEVER, THAT CONFIDENTIAL INFORMATION SHALL NOT INCLUDE ANY INFORMATION KNOWN GENERALLY TO THE PUBLIC (OTHER THAN AS A RESULT OF UNAUTHORIZED DISCLOSURE BY THE PARTICIPANT). THE PARTICIPANT'S OBLIGATIONS UNDER THIS SECTION 5(C) SHALL BE IN ADDITION TO ANY OTHER CONFIDENTIALITY OR NONDISCLOSURE OBLIGATIONS THE PARTICIPANT HAS TO ALLIANCEBERNSTEIN AT LAW OR UNDER ANY OTHER OF ALLIANCEBERNSTEIN'S POLICIES OR AGREEMENTS.

(D) NON-DISPARAGEMENT. THE PARTICIPANT SHALL NOT MAKE INTENTIONALLY DISPARAGING REMARKS ABOUT ALLIANCEBERNSTEIN, OR ISSUE ANY COMMUNICATION, WRITTEN OR OTHERWISE, THAT REFLECTS ADVERSELY ON OR ENCOURAGES ANY ADVERSE ACTION AGAINST ALLIANCEBERNSTEIN, EXCEPT IF TESTIFYING TRUTHFULLY UNDER OATH PURSUANT TO ANY SUBPOENA, ORDER, DIRECTIVE, REQUEST OR OTHER LEGAL PROCESS, OR AS MAY BE OTHERWISE REQUIRED BY LAW.

(E) REMEDIES. IF THE PARTICIPANT FAILS TO COMPLY WITH THE AGREEMENTS AND COVENANTS SET FORTH IN SECTION 4 OR THIS SECTION 5, ALLIANCEBERNSTEIN SHALL HAVE THE FOLLOWING REMEDIES:

(i) THE PARTICIPANT AGREES THAT IN THE EVENT OF A BREACH OF ANY OF THE AGREEMENTS OR COVENANTS CONTAINED IN SECTION 4 OR THIS SECTION 5, ANY DEFERRED CASH OR RESTRICTED UNITS THAT HAVE NOT VESTED OR HAVE VESTED BUT HAVE NOT BEEN DELIVERED (OTHER THAN AS A RESULT OF A VOLUNTARY LONG-TERM DEFERRAL ELECTION) SHALL BE FORFEITED.

(ii) WITHOUT INTENDING TO LIMIT THE REMEDIES AVAILABLE TO ALLIANCEBERNSTEIN, THE PARTICIPANT ACKNOWLEDGES THAT A BREACH OF ANY OF THE AGREEMENTS OR COVENANTS CONTAINED IN SECTION 4 OR THIS SECTION 5 SHALL RESULT IN MATERIAL IRREPARABLE INJURY TO ALLIANCEBERNSTEIN FOR WHICH THE FORFEITURE REMEDY DESCRIBED IN SECTION (i) ABOVE MAY NOT BE ADEQUATE AND THAT, IN THE EVENT OF SUCH A BREACH OR THREAT THEREOF, ALLIANCEBERNSTEIN SHALL BE ENTITLED TO OBTAIN A TEMPORARY RESTRAINING ORDER AND/OR A PRELIMINARY OR PERMANENT INJUNCTION RESTRAINING THE PARTICIPANT FROM ENGAGING IN ACTIVITIES PROHIBITED BY THIS AWARD AGREEMENT OR SUCH OTHER RELIEF AS MAY BE REQUIRED TO SPECIFICALLY ENFORCE ANY OF THE AGREEMENTS OR COVENANTS IN SECTION 4 OR THIS SECTION 5. THE PARTICIPANT ACKNOWLEDGES THAT THE ABOVE RESTRICTIONS ARE PART OF A PROGRAM OF ALLIANCEBERNSTEIN COVERING EMPLOYEES IN MANY JURISDICTIONS AND THAT IT IS NECESSARY TO MAINTAIN CONSISTENCY OF ADMINISTRATION AND INTERPRETATION WITH RESPECT TO SUCH PROGRAM, AND ACCORDINGLY, THE PARTICIPANT CONSENTS TO THE APPLICABILITY OF NEW YORK LAW AND JURISDICTION IN ACCORDANCE WITH SECTION 15 HEREOF. IN THE EVENT THAT ANY COURT OR TRIBUNAL OF COMPETENT JURISDICTION SHALL DETERMINE THIS SECTION 5 TO BE UNENFORCEABLE OR INVALID FOR ANY REASON, THE PARTICIPANT AGREES THAT THIS SECTION 5 SHALL BE INTERPRETED TO EXTEND ONLY OVER THE MAXIMUM PERIOD OF TIME FOR WHICH IT MAY BE ENFORCEABLE, AND/OR OVER THE MAXIMUM GEOGRAPHICAL AREA AS TO WHICH IT MAY BE ENFORCEABLE, AND/OR TO THE MAXIMUM EXTENT IN ANY AND ALL RESPECTS AS TO WHICH IT MAY BE ENFORCEABLE, ALL AS DETERMINED BY SUCH COURT OR TRIBUNAL.

(iii) IN ADDITION TO THE REMEDIES SET FORTH IN CLAUSES (i) AND (ii) ABOVE, ALLIANCEBERNSTEIN RETAINS THE RIGHT TO SEEK DAMAGES AND OTHER RELIEF FOR ANY BREACH BY THE PARTICIPANT OF ANY AGREEMENT OR COVENANT CONTAINED IN THIS AWARD AGREEMENT.

6. FORFEITURE FOR FAILURE TO CONSIDER CERTAIN RISKS. IF THE COMMITTEE DETERMINES THAT, DURING THE CALENDAR YEAR IN WHICH THE AWARD WAS GRANTED, (A) THE PARTICIPANT PARTICIPATED IN THE STRUCTURING OR MARKETING OF ANY INVESTMENT MANAGEMENT OR RESEARCH PRODUCT OR SERVICE, OR PARTICIPATED ON BEHALF OF ALLIANCEBERNSTEIN OR ANY OF ITS CLIENTS IN THE PURCHASE OR SALE OF ANY SECURITY OR OTHER PROPERTY AS PART OF PROVIDING INVESTMENT MANAGEMENT SERVICES OR OTHERWISE, AND (B) (i) THE PARTICIPANT FAILED TO FOLLOW OR VIOLATED ANY WRITTEN ALLIANCEBERNSTEIN POLICY GUIDELINE OR PROCESS DESIGNED IN WHOLE OR IN PART TO MANAGE OR MITIGATE RISK; (ii) AS A RESULT, APPROPRIATE CONSIDERATION WAS NOT GIVEN TO THE RISK TO ALLIANCEBERNSTEIN OR THE PARTICIPANT'S BUSINESS UNIT (FOR EXAMPLE, WHERE THE PARTICIPANT HAS IMPROPERLY ANALYZED SUCH RISK OR WHERE THE PARTICIPANT FAILED SUFFICIENTLY TO RAISE CONCERNS ABOUT SUCH RISK); AND (iii) THERE HAS BEEN, OR REASONABLY COULD BE EXPECTED TO BE, A MATERIAL ADVERSE IMPACT ON ALLIANCEBERNSTEIN OR THE PARTICIPANT'S BUSINESS UNIT, THE PARTICIPANT SHALL FORFEIT ALL UNVESTED DEFERRED CASH, IF ELECTED, AND ALL UNVESTED RESTRICTED UNITS GRANTED PURSUANT TO SUCH AWARD.

7. TERMINATION OF EMPLOYMENT. THE DEFERRED CASH AND RESTRICTED UNITS SHALL VEST IN ACCORDANCE WITH SECTION 5 OF SCHEDULE A ONLY WHILE THE PARTICIPANT IS EMPLOYED BY ALLIANCEBERNSTEIN, EXCEPT AS FOLLOWS (AND UNLESS THE COMMITTEE DETERMINES OTHERWISE):

(A) **DISABILITY.** ANY UNVESTED DEFERRED CASH AND RESTRICTED UNITS SHALL FULLY VEST IMMEDIATELY UPON A PARTICIPANT'S DISABILITY AND SHALL BE DISTRIBUTED TO THE PARTICIPANT AS SPECIFIED IN ARTICLE 4 OF EACH OF THE DEFERRED CASH PROGRAM AND THE INCENTIVE COMPENSATION PROGRAM. THE PARTICIPANT SHALL BE DEEMED TO HAVE INCURRED A "DISABILITY" IF THE PARTICIPANT IS UNABLE TO ENGAGE IN ANY SUBSTANTIAL GAINFUL ACTIVITY BY REASON OF ANY MEDICALLY DETERMINABLE PHYSICAL OR MENTAL IMPAIRMENT THAT CAN BE EXPECTED TO LAST FOR A CONTINUOUS PERIOD OF NOT LESS THAN 12 MONTHS, AS DETERMINED BY THE CARRIER OF THE LONG-TERM DISABILITY INSURANCE PROGRAM MAINTAINED BY ALLIANCEBERNSTEIN OR ITS AFFILIATE THAT COVERS THE PARTICIPANT, OR SUCH OTHER PERSON OR ENTITY DESIGNATED BY THE ADMINISTRATOR IN ITS SOLE DISCRETION. IN ORDER TO ASSIST IN THE PROCESS DESCRIBED IN THIS SECTION 7(A), THE PARTICIPANT SHALL, AS REASONABLY REQUESTED BY THE ADMINISTRATOR, (i) BE AVAILABLE FOR MEDICAL EXAMINATIONS BY ONE OR MORE PHYSICIANS CHOSEN BY THE LONG-TERM DISABILITY INSURANCE PROVIDER OR THE ADMINISTRATOR AND APPROVED BY THE PARTICIPANT, WHOSE APPROVAL SHALL NOT BE UNREASONABLY WITHHELD, AND (ii) GRANT THE LONG-TERM DISABILITY INSURANCE PROVIDER, THE ADMINISTRATOR AND ANY SUCH PHYSICIANS ACCESS TO ALL RELEVANT MEDICAL INFORMATION CONCERNING THE PARTICIPANT, ARRANGE TO FURNISH COPIES OF MEDICAL RECORDS TO THEM, AND USE BEST EFFORTS TO CAUSE THE PARTICIPANT'S OWN PHYSICIANS TO BE AVAILABLE TO DISCUSS THE PARTICIPANT'S HEALTH WITH THEM.

(B) **DEATH.** IF THE PARTICIPANT DIES (i) WHILE IN THE EMPLOY OF ALLIANCEBERNSTEIN, OR (ii) WHILE THE PARTICIPANT OTHERWISE HOLDS OUTSTANDING UNVESTED DEFERRED CASH OR RESTRICTED UNITS, ANY UNVESTED DEFERRED CASH AND ALL UNVESTED RESTRICTED UNITS HELD BY THE PARTICIPANT (AND NOT PREVIOUSLY FORFEITED OR CANCELLED) SHALL VEST IMMEDIATELY AND BE DISTRIBUTED IN ACCORDANCE WITH ARTICLE 4 OF EACH OF THE DEFERRED CASH PROGRAM AND THE INCENTIVE COMPENSATION PROGRAM.

(C) **RESIGNATION.** IF THE PARTICIPANT RESIGNS OR OTHERWISE VOLUNTARILY TERMINATES HIS OR HER EMPLOYMENT WITH ALLIANCEBERNSTEIN (OTHER THAN DUE TO THE PARTICIPANT'S DISABILITY), ANY UNVESTED DEFERRED CASH AND ALL UNVESTED RESTRICTED UNITS HELD BY THE PARTICIPANT (AND NOT PREVIOUSLY FORFEITED OR CANCELLED) ON THE DATE OF RESIGNATION SHALL CONTINUE TO VEST AS SPECIFIED IN SECTION 5 OF SCHEDULE A AND BE DISTRIBUTED AS SPECIFIED IN ARTICLE 4 OF EACH OF THE DEFERRED CASH PROGRAM AND THE INCENTIVE COMPENSATION PROGRAM. THE PROVISIONS IN THIS SECTION 7(C) ARE CONDITIONED UPON THE PARTICIPANT'S CONTINUED COMPLIANCE WITH THE AGREEMENTS AND COVENANTS SET FORTH IN SECTIONS 4 AND 5 OF THIS AWARD AGREEMENT FROM THE DATE OF RESIGNATION UNTIL THE DEFERRED CASH AND RESTRICTED UNITS HAVE FULLY VESTED AND BEEN DELIVERED (OR WOULD HAVE BEEN DELIVERED BUT FOR A VOLUNTARY LONG-TERM DEFERRAL ELECTION), THE PARTICIPANT PROVIDING TO ALLIANCEBERNSTEIN IN WRITING (IN A FORM TO BE PROVIDED BY ALLIANCEBERNSTEIN, A "RESIGNATION QUESTIONNAIRE") WITHIN 10 DAYS FROM THE FIRST DATE THE PARTICIPANT INFORMS ALLIANCEBERNSTEIN ABOUT HIS OR HER RESIGNATION, INFORMATION RELATING TO THE PARTICIPANT'S NEW EMPLOYMENT OPPORTUNITY, IF ANY, THE PARTICIPANT CONFIRMING CONTINUED COMPLIANCE WITH THE AGREEMENTS AND COVENANTS SET FORTH IN SECTIONS 4 AND 5 OF THIS AWARD AGREEMENT IN WRITING (IN A FORM TO BE PROVIDED BY ALLIANCEBERNSTEIN, A "CONFIRMATION CERTIFICATE") IN CONNECTION WITH EACH VESTING DATE, AND THE PARTICIPANT EXECUTING AND COMPLYING WITH A STANDARD RELEASE IN FAVOR OF ALLIANCEBERNSTEIN (IN A FORM TO BE PROVIDED BY ALLIANCEBERNSTEIN, A "RELEASE"); PROVIDED, HOWEVER, THAT THE ONLY REMEDY AVAILABLE TO ALLIANCEBERNSTEIN FOR ANY BREACH BY THE PARTICIPANT OF THE AGREEMENTS AND COVENANTS SET FORTH IN SECTIONS 4, 5(A) AND 5(B) OF THIS AWARD AGREEMENT THAT OCCURS AFTER THE PARTICIPANT'S LAST DATE OF EMPLOYMENT (INCLUDING ANY APPLICABLE NOTICE PERIOD), OR FOR THE PARTICIPANT FAILING TO PROVIDE TO ALLIANCEBERNSTEIN THE RESIGNATION QUESTIONNAIRE, THE RELEASE OR EACH ANNUAL CONFIRMATION CERTIFICATE, SHALL BE THE FORFEITURE REMEDY DESCRIBED IN SECTION 5(E)(I). IN ADDITION, THE TERMS OF THIS SECTION 7(C) ARE ALSO CONDITIONED ON THE PARTICIPANT NOT RECEIVING REPLACEMENT EQUITY FROM A NEW EMPLOYER FOR THE UNVESTED DEFERRED CASH AND RESTRICTED UNITS AS TO WHICH CONTINUED VESTING IS TO APPLY AND THE PARTICIPANT CONFIRMING SUCH FACT IN THE RESIGNATION QUESTIONNAIRE AND EACH CONFIRMATION CERTIFICATE.

(D) TERMINATION WITHOUT CAUSE. IF ALLIANCEBERNSTEIN TERMINATES THE PARTICIPANT'S EMPLOYMENT WITHOUT CAUSE (OTHER THAN DUE TO THE PARTICIPANT'S DISABILITY OR DEATH), ANY UNVESTED DEFERRED CASH AND ALL UNVESTED RESTRICTED UNITS HELD BY THE PARTICIPANT (AND NOT PREVIOUSLY FORFEITED OR CANCELLED) ON THE DATE OF SUCH TERMINATION SHALL CONTINUE TO VEST AS SPECIFIED IN SECTION 5 OF SCHEDULE A AND BE DISTRIBUTED AS SPECIFIED IN ARTICLE 4 OF EACH OF THE DEFERRED CASH PROGRAM AND THE INCENTIVE COMPENSATION PROGRAM. THE PROVISIONS IN THIS SECTION 7(D) ARE CONDITIONED UPON THE PARTICIPANT'S CONTINUED COMPLIANCE WITH THE COVENANTS SET FORTH IN SECTION 5 OF THIS AWARD AGREEMENT (EXCEPT SECTION 5(A), WITH RESPECT TO WHICH THE PARTICIPANT NEED NOT COMPLY AFTER THE PARTICIPANT'S TERMINATION DATE) UNTIL THE DEFERRED CASH AND RESTRICTED UNITS HAVE FULLY VESTED AND BEEN DELIVERED (OR WOULD HAVE BEEN DELIVERED BUT FOR A VOLUNTARY LONG-TERM DEFERRAL ELECTION), SIGNING AND RETURNING A CONFIRMATION CERTIFICATE TO ALLIANCEBERNSTEIN IN CONNECTION WITH EACH VESTING DATE, AND EXECUTING AND COMPLYING WITH A STANDARD RELEASE IN FAVOR OF ALLIANCEBERNSTEIN (IN A FORM TO BE PROVIDED BY ALLIANCEBERNSTEIN); PROVIDED, HOWEVER, THAT THE ONLY REMEDY AVAILABLE TO ALLIANCEBERNSTEIN FOR ANY BREACH BY THE PARTICIPANT OF THE COVENANT SET FORTH IN SECTION 5(B) OF THIS AWARD AGREEMENT THAT OCCURS AFTER THE PARTICIPANT'S LAST DATE OF EMPLOYMENT (INCLUDING ANY APPLICABLE NOTICE PERIOD) SHALL BE THE FORFEITURE REMEDY DESCRIBED IN SECTION 5(E)(I).

(E) TERMINATION FOR CAUSE. IF ALLIANCEBERNSTEIN TERMINATES THE PARTICIPANT'S EMPLOYMENT FOR CAUSE (OR, IF AFTER TERMINATION OF THE PARTICIPANT'S EMPLOYMENT OTHER THAN FOR "CAUSE", AS THAT TERM IS DEFINED IN THE 2010 PLAN, ALLIANCEBERNSTEIN DETERMINES THAT AN EVENT OCCURRED DURING THE PARTICIPANT'S EMPLOYMENT THAT WOULD HAVE ENTITLED ALLIANCEBERNSTEIN TO TERMINATE THE PARTICIPANT'S EMPLOYMENT FOR CAUSE), THE PARTICIPANT SHALL FORFEIT ALL UNVESTED DEFERRED CASH AND RESTRICTED UNITS.

8. ADDITION OF CLARIFYING LANGUAGE TO PREVIOUS AWARD AGREEMENTS. IN CONSIDERATION FOR ALLIANCEBERNSTEIN ENTERING INTO THIS AGREEMENT, THE PARTICIPANT AGREES THAT EACH AWARD AGREEMENT, IF ANY, THAT WAS PREVIOUSLY ENTERED INTO BETWEEN ALLIANCEBERNSTEIN AND THE PARTICIPANT AS PART OF A YEAR-END INCENTIVE COMPENSATION PROCESS AND THAT SETS FORTH TERMS AND CONDITIONS RELATING TO AWARDS OF DEFERRED INCENTIVE COMPENSATION (INCLUDING, BUT NOT LIMITED TO, INCENTIVE COMPENSATION PROGRAM AWARDS, PARTNERS COMPENSATION PLAN AWARDS (TO THE EXTENT LONG-TERM DEFERRAL ELECTIONS REMAIN IN PLACE), CENTURY CLUB PLAN AWARDS, AWARDS OF OPTIONS TO BUY HOLDING UNITS, DEFERRED CASH AWARDS, FINANCIAL ADVISOR WEALTH ACCUMULATION PLAN AWARDS AND RESTRICTED UNIT AWARDS) IS HEREBY AMENDED SO THAT IT INCLUDES THE CLARIFYING LANGUAGE SET FORTH IN SECTIONS 4, 7(c) AND 9 OF THIS AWARD AGREEMENT REGARDING ALLIANCEBERNSTEIN'S RIGHT TO SHORTEN THE PARTICIPANT'S NOTICE PERIOD AND THE RELATED CONSEQUENCES. CONSISTENT WITH THE PROVISIONS AND INTENT OF THIS SECTION 8, THE TERMS AND PROVISIONS OF SECTIONS 4, 7(c) AND 9 OF THIS AWARD AGREEMENT SHALL GOVERN IN THE EVENT THAT ANY TERM OR PROVISION OF A PREVIOUSLY EXECUTED AWARD AGREEMENT CONFLICTS WITH, OR IS INCONSISTENT WITH, SUCH SECTIONS.³

9. NO RIGHT TO CONTINUED EMPLOYMENT. NEITHER THE AWARD NOR ANY TERM OF THIS AWARD AGREEMENT IS INTENDED TO CREATE A CONTRACT OF EMPLOYMENT OR ALTER THE AT-WILL STATUS OF THE PARTICIPANT, WHO IS EMPLOYED ON AN AT-WILL BASIS, NOR SHALL THEY CONFER UPON THE PARTICIPANT ANY RIGHT TO CONTINUE IN THE EMPLOY OF ALLIANCEBERNSTEIN BEFORE, DURING OR AFTER ANY APPLICABLE NOTICE PERIOD. IN ADDITION, NEITHER THE AWARD NOR ANY TERM OF THIS AWARD AGREEMENT SHALL INTERFERE IN ANY WAY WITH THE RIGHT OF ALLIANCEBERNSTEIN TO TERMINATE THE SERVICE OF THE PARTICIPANT AT ANY TIME FOR ANY REASON, OR SHORTEN ANY NOTICE PERIOD AT ANY TIME AS PRESCRIBED BY SECTION 4 OF THIS AWARD AGREEMENT.

10. NON-TRANSFERABILITY. THE PARTICIPANT MAY NOT SELL, ASSIGN, TRANSFER, PLEDGE OR OTHERWISE DISPOSE OF OR ENCUMBER ANY OF THE DEFERRED CASH OR RESTRICTED UNITS, OR ANY INTEREST THEREIN, UNTIL THE PARTICIPANT'S RIGHTS IN SUCH DEFERRED CASH OR RESTRICTED UNITS VEST IN ACCORDANCE WITH THIS AWARD AGREEMENT. ANY PURPORTED SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION OR ENCUMBRANCE IN VIOLATION OF THIS AWARD AGREEMENT WILL BE VOID AND OF NO EFFECT.

11. PAYMENT OF WITHHOLDING TAX. THE PROVISIONS SET FORTH IN SECTION 5.04(k) OF THE DEFERRED CASH PROGRAM AND SECTION 6.04(k) OF THE INCENTIVE COMPENSATION PROGRAM SHALL APPLY IN THE EVENT THAT ALLIANCEBERNSTEIN DETERMINES THAT ANY FEDERAL, STATE OR LOCAL TAX OR ANY OTHER CHARGE IS REQUIRED BY LAW TO BE WITHHELD WITH RESPECT TO A VESTING OR DISTRIBUTION OF DEFERRED CASH OR RESTRICTED UNITS.

12. DILUTION AND OTHER ADJUSTMENTS. THE EXISTENCE OF THE AWARD SHALL NOT IMPAIR THE RIGHT OF ALLIANCEBERNSTEIN, HOLDING OR THEIR RESPECTIVE PARTNERS TO, AMONG OTHER THINGS, CONDUCT, MAKE OR EFFECT ANY CHANGE IN ALLIANCEBERNSTEIN'S OR HOLDING'S BUSINESS, ANY DISTRIBUTION (WHETHER IN THE FORM OF CASH, LIMITED PARTNERSHIP INTERESTS, OTHER SECURITIES OR OTHER PROPERTY), RECAPITALIZATION (INCLUDING, WITHOUT LIMITATION, ANY SUBDIVISION OR COMBINATION OF LIMITED PARTNERSHIP INTERESTS), REORGANIZATION, CONSOLIDATION, COMBINATION, REPURCHASE OR EXCHANGE OF LIMITED PARTNERSHIP INTERESTS OR OTHER SECURITIES OF ALLIANCEBERNSTEIN OR HOLDING, ISSUANCE OF WARRANTS OR OTHER RIGHTS TO PURCHASE LIMITED PARTNERSHIP INTERESTS OR OTHER SECURITIES OF ALLIANCEBERNSTEIN OR HOLDING, OR ANY INCORPORATION (OR OTHER CHANGE IN FORM) OF ALLIANCEBERNSTEIN OR HOLDING. HOLDING UNITS SHALL BE SUBJECT TO ADJUSTMENT IN ACCORDANCE WITH SECTION 4(c) OF THE 2010 PLAN (OR SUCH APPLICABLE SUCCESSOR PROVISION).

³ INCLUDE IF APPLICABLE.

13. ELECTRONIC DELIVERY. THE PLANS CONTEMPLATE THAT EACH AWARD SHALL BE EVIDENCED BY AN AWARD AGREEMENT WHICH SHALL BE DELIVERED TO THE PARTICIPANT. IT IS HEREBY UNDERSTOOD THAT ELECTRONIC DELIVERY OF THIS AWARD AGREEMENT CONSTITUTES DELIVERY UNDER THE PLANS.

14. ADMINISTRATOR. IF AT ANY TIME THERE SHALL BE NO COMMITTEE, THE BOARD SHALL BE THE ADMINISTRATOR.

15. GOVERNING LAW. THIS AWARD AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK. THE PARTICIPANT HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE STATE OF NEW YORK, COUNTY OF NEW YORK, WITH RESPECT TO ANY LEGAL ACTION, DISPUTE OR OTHERWISE, ARISING OUT OF, RELATED TO, OR IN CONNECTION WITH THIS AWARD AGREEMENT. THE PARTICIPANT HEREBY WAIVES ANY OBJECTION IN ANY SUCH ACTION OR PROCEEDING BASED ON FORUM NON-CONVENIENS, AND ANY OBJECTION TO VENUE WITH RESPECT TO ANY SUCH LEGAL ACTION, WHICH MAY BE INSTITUTED IN ANY OF THE AFOREMENTIONED COURTS.

16. SECTIONS AND HEADINGS. ALL SECTION REFERENCES IN THIS AWARD AGREEMENT ARE TO SECTIONS HEREOF FOR CONVENIENCE OF REFERENCE ONLY AND ARE NOT TO AFFECT THE MEANING OF ANY PROVISION OF THIS AWARD AGREEMENT.

17. INTERPRETATION. THE PARTICIPANT ACCEPTS THE AWARD SUBJECT TO ALL THE TERMS AND PROVISIONS OF THE PLANS AND THIS AWARD AGREEMENT. IN THE EVENT OF ANY CONFLICT BETWEEN ANY CLAUSE OF THE PLANS AND THIS AWARD AGREEMENT, THIS AWARD AGREEMENT SHALL CONTROL. THE PARTICIPANT ACCEPTS AS BINDING, CONCLUSIVE AND FINAL ALL DECISIONS OR INTERPRETATIONS OF THE ADMINISTRATOR OR BOARD UPON ANY QUESTIONS ARISING UNDER THE PLANS AND/OR THIS AWARD AGREEMENT.

18. NOTICES. ANY NOTICE UNDER THIS AWARD AGREEMENT SHALL BE IN WRITING AND SHALL BE DEEMED TO HAVE BEEN DULY GIVEN WHEN DELIVERED PERSONALLY (WHETHER BY HAND OR BY FACSIMILE) OR WHEN DEPOSITED IN THE UNITED STATES MAIL, REGISTERED, POSTAGE PREPAID, AND ADDRESSED, IN THE CASE OF ALLIANCEBERNSTEIN AND HOLDING, TO THE CORPORATE SECRETARY AT 1345 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK 10105, OR IF ALLIANCEBERNSTEIN SHOULD MOVE ITS PRINCIPAL OFFICE, TO SUCH PRINCIPAL OFFICE, AND, IN THE CASE OF THE PARTICIPANT, TO HIS OR HER LAST PERMANENT ADDRESS AS SHOWN ON ALLIANCEBERNSTEIN'S RECORDS, SUBJECT TO THE RIGHT OF EITHER PARTY TO DESIGNATE SOME OTHER ADDRESS AT ANY TIME HEREAFTER IN A NOTICE SATISFYING THE REQUIREMENTS OF THIS SECTION 18.

19. ENTIRE AGREEMENT; AMENDMENT. THIS AWARD AGREEMENT SUPERSEDES ANY AND ALL EXISTING AGREEMENTS BETWEEN THE PARTICIPANT, ALLIANCEBERNSTEIN AND HOLDING RELATING TO THE AWARD. IT MAY NOT BE AMENDED EXCEPT BY A WRITTEN AGREEMENT SIGNED BY BOTH PARTIES.

ALLIANCEBERNSTEIN L.P.
ALLIANCEBERNSTEIN HOLDING L.P.

By: _____
[NAME]
[TITLE]

THE PARTICIPANT HEREBY ACKNOWLEDGES AND ACCEPTS THE TERMS AND CONDITIONS SET FORTH IN THIS AWARD AGREEMENT, INCLUDING ALLIANCEBERNSTEIN'S REMEDIES IF THE PARTICIPANT FAILS TO COMPLY WITH THE AGREEMENTS AND COVENANTS SET FORTH IN SECTIONS 4 AND 5 OF THIS AWARD AGREEMENT, AND THE FORFEITURE OF UNVESTED DEFERRED CASH AND RESTRICTED UNITS FOR FAILURE TO CONSIDER CERTAIN RISKS AS DESCRIBED IN SECTION 6 OF THIS AWARD AGREEMENT. TO ACCEPT THE TERMS OF THIS AWARD AGREEMENT, INCLUDING THE CLARIFICATIONS TO YOUR PREVIOUSLY EXECUTED AWARD AGREEMENTS, IF ANY, PURSUANT TO SECTION 8 OF THIS AWARD AGREEMENT, PLEASE CLICK THE "ACCEPT" BUTTON BELOW:

ACCEPT

DECLINE

SCHEDULE A
TO
AWARD AGREEMENT

1. [INSERT AWARD AMOUNT]
2. [INSERT DEFERRED CASH AWARD AMOUNT, IF ANY] (MAY NOT EXCEED THE LESSER OF [INSERT ANY APPLICABLE DOLLAR AND/OR PERCENTAGE OF AWARD LIMIT ON THE DEFERRED CASH AMOUNT])
3. [INSERT NUMBER OF RESTRICTED UNITS] HAVE BEEN AWARDED PURSUANT TO THIS AWARD AGREEMENT.
4. THE PER HOLDING UNIT PRICE USED TO DETERMINE THE NUMBER OF RESTRICTED UNITS AWARDED HEREUNDER IS \$_____ PER HOLDING UNIT, WHICH IS THE CLOSING PRICE OF A HOLDING UNIT AS PUBLISHED FOR COMPOSITE TRANSACTIONS ON THE NEW YORK STOCK EXCHANGE ON [INSERT DATE OF COMPENSATION COMMITTEE MEETING AT WHICH AWARDS WERE APPROVED].
5. [INSERT APPLICABLE FOUR-YEAR VESTING SCHEDULE OR OTHER APPLICABLE VESTING SCHEDULE]

SCHEDULE A
TO
AWARD AGREEMENT
FOR ALLIANCEBERNSTEIN SALES PROFESSIONALS

1. [INSERT AWARD AMOUNT]
2. [INSERT DEFERRED CASH AWARD AMOUNT, IF ANY (MAY NOT EXCEED THE LESSER OF [INSERT ANY APPLICABLE DOLLAR AND/OR PERCENTAGE OF AWARD LIMIT ON THE DEFERRED CASH AMOUNT]
3. [INSERT NUMBER OF RESTRICTED UNITS] HAVE BEEN AWARDED PURSUANT TO THIS AWARD AGREEMENT.
4. THE PER HOLDING UNIT PRICE USED TO DETERMINE THE NUMBER OF RESTRICTED UNITS AWARDED HEREUNDER IS \$_____ PER HOLDING UNIT, WHICH IS THE CLOSING PRICE OF A HOLDING UNIT AS PUBLISHED FOR COMPOSITE TRANSACTIONS ON THE NEW YORK STOCK EXCHANGE ON [INSERT DATE OF COMPENSATION COMMITTEE MEETING AT WHICH AWARDS WERE APPROVED].
5. [INSERT APPLICABLE FOUR-YEAR VESTING SCHEDULE OR OTHER APPLICABLE VESTING SCHEDULE]

2010 LONG TERM INCENTIVE PLAN, AS AMENDED
AWARD AGREEMENT

AWARD AGREEMENT, dated as of [INSERT AWARD DATE], among AllianceBernstein L.P. (“**Partnership**”), AllianceBernstein Holding L.P. (“**Holding**”) and [INSERT PARTICIPANT] (“**Participant**”), a member of the Board of Directors of AllianceBernstein Corporation (“**Board**”), the general partner of the Partnership and Holding.

WHEREAS, the Board, pursuant to the Partnership’s 2010 Long Term Incentive Plan, as amended (“**Plan**”), a copy of which has been delivered to the Participant, has granted to the Participant an award (“**Award**”), based on an election by the Participant, that consists of either (1) an option (“**Option**”) to purchase the number of units representing assignments of the beneficial ownership of limited partnership interests in Holding (“**Units**”) where the Option has a value of \$120,000 calculated in accordance with Black-Scholes methodology, (2) the number of Units having an aggregate fair value of \$120,000 based on the closing price of a Unit on [INSERT AWARD DATE] as reported for New York Stock Exchange composite transactions (“**Closing Price**”), which Units are subject to certain restrictions described herein (“**Restricted Units**”), or (3)(a) an Option to purchase the number of Units where the Option has a value of \$60,000 calculated in accordance with Black-Scholes methodology and (b) the number of Restricted Units having an aggregate fair value of \$60,000 based on the Closing Price; and

WHEREAS, the form by which the Participant made such election is attached hereto as Schedule A; and

WHEREAS, the Board has authorized the execution and delivery of this Award Agreement;

NOW, THEREFORE, in accordance with the grant of the Award, and as a condition thereto, the Partnership, Holding and the Participant agree as follows:

1. Grant. Subject to and under the terms and conditions set forth in this Award Agreement and the Plan, the Board hereby awards the Participant:

(a) an Option to purchase from the Partnership the number of Units set forth in Section 1 of Schedule B, at the per Unit price set forth in Section 2 of Schedule B, subject to the vesting schedule set forth in Section 3 of Schedule B; and/or

(b) the number of Restricted Units set forth in Section 4 of Schedule B, subject to the vesting schedule set forth in Section 5 of Schedule B.

2. Term and Vesting Schedule. (a) Subject to Section 4(a) below, the Option shall not be exercisable to any extent prior to [INSERT VESTING DATE] or after [INSERT EXPIRATION DATE] (“**Expiration Date**”). Subject to the terms and conditions of this Award Agreement and the Plan, the Participant shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units pursuant to the Option in accordance with the schedule set forth in Section 3 of Schedule B.

The right to exercise the Option shall be cumulative so that to the extent the Option is not exercised when it becomes initially exercisable with respect to any Units, it shall be exercisable with respect to such Units at any time thereafter until the Expiration Date. Any Units subject to the Option that have not been purchased on or before the Expiration Date may not, thereafter, be purchased hereunder. A Unit shall be considered to have been purchased on or before the Expiration Date if the Partnership has been given notice of the purchase and the Partnership has actually received payment therefor pursuant to Sections 3(a) and 14, on or before the Expiration Date.

(b) The Restricted Units shall vest in accordance with the schedule set forth in Section 5 of Schedule B and shall be distributed to the Participant promptly after vesting.

3. Notice of Exercise, Payment, Certificate and Account. (a) Exercise of the Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Holding pursuant to Section 14, which specifies the number of Units being purchased and is accompanied by payment therefor in cash. The Participant may pay the Partnership as many as three business days subsequent to the exercise date through a financial intermediary designated by the Board. Promptly after receipt of such notice and purchase price, the Partnership shall cause the Partnership’s transfer agent (“**Transfer Agent**”), currently Computershare Shareowner Services LLC, to deliver the number of Units purchased. Units to be issued upon the exercise of the Option may be authorized and unissued Units or Units that have been reacquired by the Partnership, a subsidiary of the Partnership, Holding or a subsidiary of Holding.

(b) The Partnership shall establish an uncertificated account (“**Account**”) with the Transfer Agent representing the Restricted Units within a reasonable time after the Participant’s execution and delivery of this Award Agreement. The Partnership shall deliver to the Participant a certificate representing Units that have vested pursuant to this Award Agreement within a reasonable time after such Units vest. The Transfer Agent will adjust the Account to reflect the number of Units covered by each such certificate and will reduce the Account to the extent that any unvested Restricted Units are forfeited pursuant to the terms of this Award Agreement.

4. Termination. Unless the Board determines otherwise, the provisions of this Section 4 shall apply on termination of the Participant’s service on the Board.

(a) The Option may be exercised by the Participant and the Restricted Units may be distributed to the Participant only while the Participant serves on the Board; provided, however, that upon termination of the Participant's service by reason of the Participant's voluntary mid-term resignation, declining to stand for re-election (whether as a result of the general partner's mandatory retirement program or otherwise), becoming an employee of the Partnership or a subsidiary thereof, or because the Participant incurs a Disability, the outstanding portion of the Option held by the Participant on the date of such termination shall continue to become exercisable as specified in Section 3 of Schedule B and shall expire on the earlier of the Expiration Date and the date that is [insert applicable post-termination expiration date], and the outstanding Restricted Units held by the Participant on the date of such termination shall be distributed to the Participant promptly after the date of such termination. In the event of the death of the Participant (whether before or after termination of service), the outstanding portion of the Option held by the Participant (and not previously canceled or expired) on the date of death shall be fully exercisable by the Participant's legal representative within [insert applicable post-death expiration date] (without regard to Section 3 of Schedule B, but not later than the Expiration Date), and the outstanding Restricted Units held by the Participant on the date of death shall be distributed to the Participant's beneficiary (or the Participant's estate, if the Participant has not designated a beneficiary) promptly after such date. "**Disability**" means the Participant's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last for a continuous period of not less than 12 months, as determined by the carrier of the long-term disability insurance program maintained by the Partnership or its affiliate that covers the Participant, if any, or such other person or entity designated by the Partnership in its sole discretion. In order to assist in the process described in this paragraph, the Participant shall, as reasonably requested by the Partnership or its designee, (i) be available for medical examinations by one or more physicians chosen by the long-term disability insurance provider or the Partnership and approved by the Participant, whose approval shall not unreasonably be withheld, and (ii) grant the long-term disability insurance provider, the Partnership and any such physicians access to all relevant medical information concerning the Participant, arrange to furnish copies of medical records to them, and use best efforts to cause the Participant's own physicians to be available to discuss the Participant's health with them.

(b) The Participant shall immediately forfeit the vested and unvested portions of both the Option and the Restricted Units awarded under this Award Agreement if the Participant's service as a Director is terminated for Cause. "**Cause**" shall mean the Participant's (1) continuing willful failure to perform his duties as a Director (other than as a result of his total or partial incapacity due to physical or mental illness), (2) gross negligence or malfeasance in the performance of his or her duties, (3) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Participant constitutes (A) a felony under the laws of the United States or any state thereof, or (B) a violation of federal or state securities law, by reason of which finding the Board determines in good faith that the continued service of the Participant would be seriously detrimental to the Partnership and its business, (4) in the absence of such a finding by a court or other governmental body with proper jurisdiction, such a determination in good faith by the Board by reason of such act or acts constituting such a felony, serious crime or violation, or (5) any breach by the Participant of any obligation of confidentiality, non-competition, or non-solicitation to the Partnership.

5. No Right to Continued Directorship. The granting of the Award shall not confer upon the Participant any right to continue to be retained as a Director, and shall not interfere in any way with the right of the Partnership to terminate the service of the Participant at any time for any reason.

6. Non-Transferability. (a) The Option is not transferable other than by will or the laws of descent and distribution and, except as otherwise provided in Section 4, during the lifetime of the Participant this Option is exercisable only by the Participant; except that a Participant may transfer this Option, without consideration, subject to such rules as the Board may adopt to preserve the purposes of the Plan (including limiting such transfers to transfers by Participants who are Director Participants or senior executives), to a trust solely for the benefit of the Participant and the Participant's spouse, children or grandchildren (including adopted and stepchildren and grandchildren).

(b) Except as otherwise provided in this Award Agreement, the Participant may not sell, assign, transfer, pledge or otherwise dispose of or encumber any of the Units subject to the Option or any of the Restricted Units, or any interest therein, until the Participant's rights in such Units vest in accordance with this Award Agreement. Any purported sale, assignment, transfer, pledge or other disposition or encumbrance in violation of this Award Agreement will be void and of no effect.

7. Payment of Withholding Tax. (a) In the event that the Partnership or Holding determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the exercise of the Option or the grant of the Restricted Units, the Participant shall, either directly or through a financial intermediary, promptly pay to the Partnership, a subsidiary specified by the Partnership, Holding or a subsidiary specified by Holding, on four business days' notice, an amount equal to such withholding tax or charge, or (b) if the Participant does not promptly so pay the entire amount of such withholding tax or charge in accordance with such notice, or make arrangements satisfactory to the Partnership and Holding regarding payment thereof, the Partnership, any subsidiary of the Partnership, Holding or any subsidiary of Holding may withhold the remaining amount thereof from any amount due the Participant from the Partnership, its subsidiary, Holding or its subsidiary.

8. Dilution and Other Adjustments. The existence of the Award shall not impair the right of the Partnership, Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Holding's business, any distribution (whether in the form of cash, limited partnership interests, other securities, or other property), recapitalization (including, without limitation, any subdivision or combination of limited partnership interests), reorganization, consolidation, combination, repurchase or exchange of limited partnership interests or other securities of the Partnership or Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of the Partnership or Holding, or any incorporation of the Partnership or Holding. In the event of such a change in the partnership interests of the Partnership or Holding, the Board shall make such adjustments to the Award, including the purchase price of the Option specified in Section 2 of Schedule B, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to the Award for the Participant to purchase stock in the resulting corporation in place of the Units subject to the Option and the Restricted Units. Any such adjustment or arrangement may provide for the elimination of any fractional Unit or shares of stock that might otherwise become subject to this Option. Any decision by the Board under this Section shall be final and binding upon the Participant.

9. Rights as an Owner of a Unit. (a) The Participant (or a transferee of the Option pursuant to Sections 4 and 6 hereof) shall have no rights as an owner of a Unit with respect to any Unit covered by the Option until he or she becomes the holder of record of such Unit, which shall be deemed to occur at the time that notice of purchase is given and payment in full is received by the Partnership and Holding under Sections 3(a) and 14 of this Award Agreement. By such actions, the Participant (or such transferee) shall be deemed to have consented to, and agreed to be bound by, all other terms, conditions, rights and obligations set forth in the then current Amended and Restated Agreement of Limited Partnership of Holding and the then current Amended and Restated Agreement of Limited Partnership of the Partnership (“**Partnership Agreement**”). Except as provided in Section 8 hereof, no adjustment shall be made with respect to any Unit for any distribution for which the record date is prior to the date on which the Participant becomes the holder of record of the Unit, regardless of whether the distribution is ordinary or extraordinary, in cash, securities or other property, or of any other rights.

(b) Except as provided in the Partnership Agreement, as of the date of this Award Agreement, the Participant shall have all of the rights under the Partnership Agreement that a Unitholder would have with respect to the Restricted Units awarded to the Participant hereunder (including, without limitation, the right to receive quarterly distributions payable with respect to such Units on or after that date).

10. Administrator. The Board shall be the Administrator.

11. Governing Law. This Award Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

12. Entire Agreement; Amendment. This Award Agreement supersedes any and all existing agreements between the Participant, the Partnership and Holding relating to the Option and Restricted Unit awards. It may not be amended except by a written agreement signed by both parties.

13. Interpretation. The Participant accepts this Award subject to all the terms and provisions of the Plan, which shall control in the event of any conflict between any provision of the Plan and this Award Agreement, and accepts as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Plan and/or this Award Agreement.

SCHEDULE A

AllianceBernstein 2010 Long Term Incentive Plan, As Amended
Equity Compensation Election Form

ELECTION FORM, dated as of [INSERT FORM DATE], among AllianceBernstein L.P. (“**Partnership**”), AllianceBernstein Holding L.P. (“**AllianceBernstein Holding**”) and the undersigned (“**Participant**”), a member of the Board of Directors of AllianceBernstein Corporation (“**Board**”), the general partner of the Partnership and Holding.

WHEREAS, the Board determined at its meeting held on [INSERT DATE] that the equity grant to each Non-Management Director (consisting of options and/or AllianceBernstein Holding units) shall be based on the election by each such Director, in January of each year, to receive, pursuant to the AllianceBernstein 2010 Long Term Incentive Plan, as amended, or any successor equity compensation plan, an award consisting of (1) an option to purchase the number of AllianceBernstein Holding units where the option has a value of \$[INSERT AMOUNT] calculated in accordance with Black-Scholes methodology, (2) the number of AllianceBernstein Holding units having a value of \$[INSERT AMOUNT] based on the closing price of AllianceBernstein Holding units on the date of grant as reported for New York Stock Exchange composite transactions, or (3) an equity grant consisting of (a) an option to purchase a number of AllianceBernstein Holding units where the option has a value of \$[INSERT AMOUNT] calculated in accordance with Black-Scholes methodology and (b) the number of AllianceBernstein Holding units having a value of \$[INSERT AMOUNT] based on the closing price of AllianceBernstein Holding units on the date of grant as reported for New York Stock Exchange composite transactions;

NOW, THEREFORE, I hereby elect to receive my [INSERT YEAR] equity compensation award, pursuant to the AllianceBernstein 2010 Long Term Incentive Plan, as amended, in the following form:

- an option to purchase the number of AllianceBernstein Holding units where the option has a value of \$[INSERT AMOUNT] calculated in accordance with Black-Scholes methodology;
 - the number of AllianceBernstein Holding units having a value of \$[INSERT AMOUNT] based on the closing price of AllianceBernstein Holding units on the date of grant as reported for New York Stock Exchange composite transactions; or
-

an equity award consisting of (a) an option to purchase the number of AllianceBernstein Holding units where the option has a value of \$[INSERT AMOUNT] calculated in accordance with Black-Scholes methodology, and (b) the number of AllianceBernstein Holding units having a value of \$[INSERT AMOUNT] based on the closing price of AllianceBernstein Holding units on the date of grant as reported for New York Stock Exchange composite transactions.

By: /s/ _____

Name: _____

Date: _____

SCHEDULE B

1. The number of Units that the Participant is entitled to purchase pursuant to the Option granted under this Award Agreement is [INSERT NUMBER OF UNITS, IF ANY].
 2. The per Unit price to purchase Units pursuant to the Option granted under this Award Agreement is \$[INSERT CLOSING PRICE] per Unit.
 3. [INSERT APPLICABLE VESTING SCHEDULE RELATING TO OPTIONS]
* * *
 4. [INSERT NUMBER OF RESTRICTED UNITS, IF ANY] Restricted Units have been awarded pursuant to this Award Agreement.
 5. [INSERT APPLICABLE DELIVERY SCHEDULE RELATING TO RESTRICTED UNITS]
-

Guidelines for Transfer of AllianceBernstein L.P. Units

No transfer of ownership of the units of AllianceBernstein L.P. (the private partnership) is permitted without prior approval of AllianceBernstein and AXA Equitable Life Insurance Company ("AXA Equitable).

Under the terms of the Transfer Program, transfers of ownership will be considered once every calendar quarter.

To sell your Units to a third party:

- You must first identify the buyer for your Units. AllianceBernstein can not maintain a list of prospective buyers.
- The unitholder and the prospective buyer must submit a request for transfer of ownership of the Units and obtain approval of AllianceBernstein and AXA Equitable for the transaction.
- Documentation required for consideration of approval includes:
 - _ Unit Certificate(s)
 - _ Executed "Stock" Power Form, with guaranteed signature
 - _ Letter from Seller
 - _ Letter from Purchaser

To have private Units re-registered to your name if they have been left to you by a deceased party:

- The beneficiary must obtain approval of AllianceBernstein and AXA Equitable for the transfer of units.
- Documentation required for consideration of approval includes:
 - _ Unit Certificate(s)
 - _ Executed "Stock" Power Form, with guaranteed signature
 - _ Copy of death certificate
 - _ Required Inheritance Tax Waiver for applicable states
- Additional required documentation (which varies by state) should be verified with AllianceBernstein's transfer agent, Computershare, at 866-737-9896 and www.computershare.com/investor.

To donate the Units:

- The donor must obtain approval of AllianceBernstein and AXA Equitable for the transfer of units.
- Documentation required for consideration of approval includes:
 - _ Unit Certificate(s)
 - _ Executed "Stock" Power Form, with guaranteed signature
 - _ Letter from Transferee
- Additional required documentation should be verified with AllianceBernstein's transfer agent, Computershare, at 866-737-9896 and www.computershare.com/investor.

To re-register your certificate to reflect a legal change of name or change in custodian:

- The unitholder must obtain approval of AllianceBernstein and AXA Equitable for the change of name/registration on the unit certificate.
- Documentation required for consideration of approval includes:
 - _ Unit Certificate(s)
 - _ Executed "Stock" Power Form, with guaranteed signature
 - _ Specific instruction letter indicating the manner in which the new unit certificate should be registered
- Additional required documentation should be verified with AllianceBernstein's transfer agent, Computershare, at 866-737-9896 and www.computershare.com/investor.

Once AllianceBernstein and AXA Equitable approve the transfer request, AllianceBernstein will inform you of the approval and begin processing the transfer.

You should not begin to prepare necessary documentation until you have contacted:

David Lesser
Legal and Compliance Department – Transfer Program
AllianceBernstein L.P.
1345 Avenue of the Americas
New York, NY 10105
Phone: (212) 969-1429

Exhibit 12.01**AllianceBernstein L.P.
Consolidated Ratio Of Earnings To Fixed Charges**

	Years Ended December 31,		
	2013	2012	2011
	(in thousands)		
Fixed Charges:			
Interest Expense	\$ 2,962	\$ 3,429	\$ 2,545
Estimate of Interest Component In Rent Expense ⁽¹⁾	-	-	-
Total Fixed Charges	\$ 2,962	\$ 3,429	\$ 2,545
Earnings:			
Income (Loss) Before Income Taxes and Non-Controlling Interest in Earnings of Consolidated Entities	\$ 564,251	\$ 202,365	\$ (208,469)
Other	16,337	24,675	(6,029)
Fixed Charges	2,962	3,429	2,545
Total Earnings	\$ 583,550	\$ 230,469	\$ (211,953)
Consolidated Ratio Of Earnings To Fixed Charges	197.01	67.21	N/A⁽²⁾

(1) AllianceBernstein L.P. has not entered into financing leases during these periods.

(2) The ratio of earnings to fixed charges was negative for the year ended December 31, 2011. Additional earnings of \$214.5 million would be needed to have a one-to-one ratio of earnings to fixed charges.

SUBSIDIARIES OF
ALLIANCEBERNSTEIN L.P.

EACH OF THE ENTITIES LISTED BELOW ARE WHOLLY-OWNED SUBSIDIARIES OF ALLIANCEBERNSTEIN, UNLESS A SPECIFIC PERCENTAGE OWNERSHIP IS INDICATED:

ALLIANCEBERNSTEIN INTERNATIONAL LLC
(DELAWARE)

ALLIANCEBERNSTEIN TRUST COMPANY, LLC
(NEW HAMPSHIRE)

ALLIANCEBERNSTEIN CORPORATION OF DELAWARE
(DELAWARE)

ALLIANCEBERNSTEIN HOLDINGS (CAYMAN) LTD.
(CAYMAN ISLANDS)

SANFORD C. BERNSTEIN & Co., LLC
(DELAWARE)

ALLIANCEBERNSTEIN REAL ESTATE INVESTMENTS LLC
(DELAWARE)

ALLIANCEBERNSTEIN INVESTMENTS, INC.
(DELAWARE)

ALLIANCEBERNSTEIN INVESTOR SERVICES, INC.
(DELAWARE)

ALLIANCEBERNSTEIN GLOBAL DERIVATIVES CORPORATION
(DELAWARE)

ALLIANCEBERNSTEIN OCEANIC CORPORATION
(DELAWARE)

ALLIANCE CORPORATE FINANCE GROUP INCORPORATED
(DELAWARE)

ALLIANCEBERNSTEIN JAPAN INC.
(DELAWARE)

ALLIANCE CAPITAL MANAGEMENT LLC
(DELAWARE)

ALLIANCEBERNSTEIN CANADA, INC.
(CANADA)

ALLIANCEBERNSTEIN (MEXICO), S. DE R.L. DE C.V.
(MEXICO)

ALLIANCEBERNSTEIN ADMINISTRADORA DE CARTEIRAS (BRASIL) LTDA.
(BRAZIL)

ALLIANCEBERNSTEIN (ARGENTINA) S.R.L.
(ARGENTINA)

ALLIANCEBERNSTEIN HOLDINGS LIMITED
(U.K.)

ALLIANCEBERNSTEIN PREFERRED LIMITED
(U.K.)

ALLIANCEBERNSTEIN LIMITED
(U.K.)

ALLIANCEBERNSTEIN SERVICES LIMITED
(U.K.)

SANFORD C. BERNSTEIN LIMITED
(U.K.)

SANFORD C. BERNSTEIN (CREST NOMINEES) LIMITED
(U.K.)

SANFORD C. BERNSTEIN (SCHWEIZ) GMBH
(SWITZERLAND)

ALLIANCEBERNSTEIN (LUXEMBOURG) S.A.R.L.
(LUXEMBOURG)

ALLIANCEBERNSTEIN (FRANCE) SAS
(FRANCE)

ACM BERNSTEIN GMBH
(GERMANY)

ALLIANCEBERNSTEIN JAPAN LTD.
(JAPAN)

ALLIANCEBERNSTEIN HONG KONG LIMITED
(HONG KONG)

SANFORD C. BERNSTEIN (HONG KONG) LIMITED
(HONG KONG)

ALLIANCEBERNSTEIN ASSET MANAGEMENT (KOREA) LTD.
(KOREA)

ALLIANCEBERNSTEIN INVESTMENT RESEARCH (PROPRIETARY) LIMITED
(SOUTH AFRICA; 80%-OWNED)

ALLIANCEBERNSTEIN INVESTMENT MANAGEMENT AUSTRALIA LIMITED
(AUSTRALIA)

ALLIANCEBERNSTEIN AUSTRALIA LIMITED
(AUSTRALIA)

ALLIANCEBERNSTEIN NEW ZEALAND LIMITED
(NEW ZEALAND)

ALLIANCEBERNSTEIN (SINGAPORE) LTD.
(SINGAPORE)

ALLIANCEBERNSTEIN INVESTMENTS TAIWAN LIMITED
(TAIWAN)

ALLIANCE CAPITAL (MAURITIUS) PRIVATE LIMITED
(MAURITIUS)

ALLIANCEBERNSTEIN INVESTMENT RESEARCH AND MANAGEMENT (INDIA) PRIVATE LTD.
(INDIA)

W.P. STEWART & Co., LTD.
(DE)

WPS ADVISORS, INC.
(DE)

W.P. STEWART ASSET MANAGEMENT LTD.
(DE)

W.P. STEWART & Co. (EUROPE), LTD.
(U.K.)

W.P. STEWART ASSET MANAGEMENT (NA), INC.
(NY)

W.P. STEWART ASSET MANAGEMENT (CURACAO), N.V.
(CURACAO)

W.P. STEWART ASSET MANAGEMENT (EUROPE), N.V.
(NETHERLANDS)

TPR CURACAO N.V.
(CURACAO)

WPSH MANAGEMENT N.V.
(CURACAO)

W.P. STEWART SECURITIES LLC
(DE)

W.P. STEWART FUND MANAGEMENT, S.A.
(LUXEMBOURG)

BOWEN ASIA LIMITED
(HONG KONG)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-64886) and Form S-8 (No. 333-47192) of AllianceBernstein L.P. of our reports dated February 12, 2014 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appear in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 12, 2014

I, Peter S. Kraus, certify that:

1. I have reviewed this annual report on Form 10-K of AllianceBernstein L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2014

/s/ Peter S. Kraus
Peter S. Kraus
Chief Executive Officer
AllianceBernstein L.P.

I, John C. Weisenseel, certify that:

1. I have reviewed this annual report on Form 10-K of AllianceBernstein L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2014

/s/ John C. Weisenseel
John C. Weisenseel
Chief Financial Officer
AllianceBernstein L.P.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of AllianceBernstein L.P. (the "Company") on Form 10-K for the period ending December 31, 2013 to be filed with the Securities and Exchange Commission on or about February 12, 2014 (the "Report"), I, Peter S. Kraus, Chief Executive Officer of the Company, certify, for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Exchange Act; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 12, 2014

/s/ Peter S. Kraus

Peter S. Kraus
Chief Executive Officer
AllianceBernstein L.P.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of AllianceBernstein L.P. (the "Company") on Form 10-K for the period ending December 31, 2013 to be filed with the Securities and Exchange Commission on or about February 12, 2014 (the "Report"), I, John C. Weisenseel, Chief Financial Officer of the Company, certify, for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Exchange Act; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 12, 2014

/s/ John C. Weisenseel

John C. Weisenseel
Chief Financial Officer
AllianceBernstein L.P.
