

ALLIANCEBERNSTEIN HOLDING L.P.  
Form 10-Q  
October 24, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2012

OR

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

For the transition period from to

Commission File No. 001-09818

ALLIANCEBERNSTEIN HOLDING L.P.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or  
organization)

13-3434400  
(I.R.S. Employer Identification No.)

1345 Avenue of the Americas, New York, NY 10105  
(Address of principal executive offices)  
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ T

No ☐ o

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 ☒ T

No ☐ o

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 definition of “accelerated filer,” “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ T

Accelerated filer ☐ o

Non-accelerated filer ☐ o (Do not check if a smaller reporting company) Smaller reporting company ☐ o

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

Yes ☐ o

No ☒ T

The number of units representing assignments of beneficial ownership of limited partnership interests outstanding as of September 30, 2012 was 105,173,342.\*

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

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ALLIANCEBERNSTEIN HOLDING L.P.

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## Part I

## FINANCIAL INFORMATION

## Item 1. Financial Statements

ALLIANCEBERNSTEIN HOLDING L.P.  
Condensed Statements of Financial Condition  
(in thousands, except unit amounts)

|                                                                                                | September 30,<br>2012<br>(unaudited) | December 31,<br>2011 |
|------------------------------------------------------------------------------------------------|--------------------------------------|----------------------|
| <b>ASSETS</b>                                                                                  |                                      |                      |
| Investment in AllianceBernstein                                                                | \$ 1,605,472                         | \$ 1,627,912         |
| Other assets                                                                                   | —                                    | 1,072                |
| Total assets                                                                                   | \$ 1,605,472                         | \$ 1,628,984         |
| <b>LIABILITIES AND PARTNERS' CAPITAL</b>                                                       |                                      |                      |
| <b>Liabilities:</b>                                                                            |                                      |                      |
| Other liabilities                                                                              | \$ 701                               | \$ 358               |
| Due to AllianceBernstein                                                                       | 4,307                                | 2,453                |
| Total liabilities                                                                              | 5,008                                | 2,811                |
| <b>Commitments and contingencies (See Note 7)</b>                                              |                                      |                      |
| <b>Partners' capital:</b>                                                                      |                                      |                      |
| General Partner: 100,000 general partnership units issued and outstanding                      | 1,380                                | 1,416                |
| Limited partners: 105,073,342 and 105,073,342 limited partnership units issued and outstanding | 1,729,311                            | 1,760,388            |
| Holding Units held by AllianceBernstein to fund deferred compensation plans                    | (117,910 )                           | (121,186 )           |
| Accumulated other comprehensive loss                                                           | (12,317 )                            | (14,445 )            |
| Total partners' capital                                                                        | 1,600,464                            | 1,626,173            |
| Total liabilities and partners' capital                                                        | \$ 1,605,472                         | \$ 1,628,984         |

See Accompanying Notes to Condensed Financial Statements.

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## ALLIANCEBERNSTEIN HOLDING L.P.

Condensed Statements of Income  
(in thousands, except per unit amounts)  
(unaudited)

|                                                                           | Three Months Ended September 30, |           | Nine Months Ended September 30, |            |
|---------------------------------------------------------------------------|----------------------------------|-----------|---------------------------------|------------|
|                                                                           | 2012                             | 2011      | 2012                            | 2011       |
| Equity in net (loss) income attributable to AllianceBernstein Unitholders | \$ (16,595 )                     | \$ 34,074 | \$ 43,915                       | \$ 127,877 |
| Income taxes                                                              | 6,547                            | 7,071     | 19,019                          | 21,682     |
| Net (loss) income                                                         | \$ (23,142 )                     | \$ 27,003 | \$ 24,896                       | \$ 106,195 |
| Net (loss) income per unit:                                               |                                  |           |                                 |            |
| Basic                                                                     | \$ (0.23 )                       | \$ 0.26   | \$ 0.25                         | \$ 1.02    |
| Diluted                                                                   | \$ (0.23 )                       | \$ 0.26   | \$ 0.25                         | \$ 1.02    |

See Accompanying Notes to Condensed Financial Statements.

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ALLIANCEBERNSTEIN HOLDING L.P.  
Condensed Statements of Comprehensive Income  
(in thousands)  
(unaudited)

|                                                                             | Three Months Ended September 30, |           | Nine Months Ended September 30, |            |
|-----------------------------------------------------------------------------|----------------------------------|-----------|---------------------------------|------------|
|                                                                             | 2012                             | 2011      | 2012                            | 2011       |
| Net (loss) income                                                           | \$ (23,142 )                     | \$ 27,003 | \$ 24,896                       | \$ 106,195 |
| Other comprehensive income (loss), before taxes:                            |                                  |           |                                 |            |
| Foreign currency translation adjustments                                    | 2,298                            | (4,367 )  | 1,569                           | 3,362      |
| Unrealized gains on investments:                                            |                                  |           |                                 |            |
| Unrealized gains (losses) arising during period                             | 120                              | (345 )    | 410                             | (136 )     |
| Less: reclassification adjustment for gains (losses) included in net income | (17 )                            | 15        | (10 )                           | (33 )      |
| Change in unrealized gains (losses) on investments                          | 137                              | (360 )    | 420                             | (103 )     |
| Changes in employee benefit related items:                                  |                                  |           |                                 |            |
| Amortization of transition asset                                            | (13 )                            | (13 )     | (40 )                           | (40 )      |
| Amortization of prior service cost                                          | 10                               | 10        | 30                              | 30         |
| Recognized actuarial loss (gain)                                            | 79                               | (13 )     | 124                             | 7          |
| Other comprehensive income (loss), before taxes                             | 2,511                            | (4,743 )  | 2,103                           | 3,256      |
| Income tax benefit (expense)                                                | (146 )                           | (156 )    | 26                              | (417 )     |
| Comprehensive (loss) income                                                 | \$ (20,777 )                     | \$ 22,104 | \$ 27,025                       | \$ 109,034 |

See Accompanying Notes to Condensed Financial Statements.

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ALLIANCEBERNSTEIN HOLDING L.P.  
Condensed Statements of Cash Flows  
(in thousands)  
(unaudited)

|                                                                                                             | Nine Months Ended<br>September 30, |            |
|-------------------------------------------------------------------------------------------------------------|------------------------------------|------------|
|                                                                                                             | 2012                               | 2011       |
| Cash flows from operating activities:                                                                       |                                    |            |
| Net income                                                                                                  | \$24,896                           | \$106,195  |
| Adjustments to reconcile net income to net cash provided by operating activities:                           |                                    |            |
| Equity in net income attributable to AllianceBernstein Unitholders                                          | (43,915 )                          | (127,877 ) |
| Cash distributions received from AllianceBernstein                                                          | 77,829                             | 145,102    |
| Changes in assets and liabilities:                                                                          |                                    |            |
| Decrease (increase) in other assets                                                                         | 1,072                              | (129 )     |
| Increase in payable to AllianceBernstein                                                                    | 1,854                              | 992        |
| Increase (decrease) in other liabilities                                                                    | 343                                | (197 )     |
| Net cash provided by operating activities                                                                   | 62,079                             | 124,086    |
| Cash flows from investing activities:                                                                       |                                    |            |
| Investments in AllianceBernstein from cash distributions paid to AllianceBernstein consolidated rabbi trust | (6,071 )                           | (3,371 )   |
| Investments in AllianceBernstein with proceeds from exercise of compensatory options to buy Holding Units   | —                                  | (1,476 )   |
| Net cash used in investing activities                                                                       | (6,071 )                           | (4,847 )   |
| Cash flows from financing activities:                                                                       |                                    |            |
| Cash distributions to unitholders                                                                           | (56,008 )                          | (120,715 ) |
| Proceeds from exercise of compensatory options to buy Holding Units                                         | —                                  | 1,476      |
| Net cash used in financing activities                                                                       | (56,008 )                          | (119,239 ) |
| Change in cash and cash equivalents                                                                         | —                                  | —          |
| Cash and cash equivalents as of beginning of period                                                         | —                                  | —          |
| Cash and cash equivalents as of end of period                                                               | \$—                                | \$—        |

See Accompanying Notes to Condensed Financial Statements.



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ALLIANCEBERNSTEIN HOLDING L.P.  
Notes to Condensed Financial Statements  
September 30, 2012  
(unaudited)

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

1. Business Description and Organization

Holding’s principal source of income and cash flow is attributable to its investment in AllianceBernstein limited partnership interests. The condensed financial statements and notes of Holding should be read in conjunction with the condensed consolidated financial statements and notes of AllianceBernstein included as an exhibit to this quarterly report on Form 10-Q and with Holding’s and AllianceBernstein’s audited financial statements included in Holding’s Form 10-K for the year ended December 31, 2011.

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

• **Institutional Services** – servicing its institutional clients, including unaffiliated corporate and public employee pension funds, endowment funds, domestic and foreign institutions and governments, and affiliates such as AXA and certain of its insurance company subsidiaries, by means of separately-managed accounts, sub-advisory relationships, structured products, collective investment trusts, mutual funds, hedge funds and other investment vehicles.

• **Retail Services** – servicing its 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 its private clients, including high-net-worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations, and other entities, by means of separately-managed accounts, hedge funds, mutual funds and other investment vehicles.

• **Bernstein Research Services** – servicing institutional investors seeking high-quality research, portfolio analysis and brokerage-related services, and issuers of publicly-traded securities seeking equity capital markets services.

AllianceBernstein also provides distribution, shareholder servicing and administrative services to the mutual funds it sponsors.

AllianceBernstein’s high-quality, in-depth research is the foundation of its business. AllianceBernstein’s research disciplines include fundamental, quantitative and economic research and currency forecasting. In addition, AllianceBernstein has created several specialized research initiatives, including research examining global strategic developments that can affect multiple industries and geographies.

AllianceBernstein provides a broad range of investment services with expertise in:

- Value equities, generally targeting stocks that are out of favor and considered undervalued;

- Growth equities, generally targeting stocks with under-appreciated growth potential;
  - Fixed income securities, including taxable and tax-exempt securities;
  - Blend strategies, combining style-pure investment components with systematic rebalancing;
  - Passive management, including index and enhanced index strategies;
- Alternative investments, including hedge funds, fund of funds, currency management strategies and private equity (e.g., direct real estate investing); and
- Asset allocation services, including dynamic asset allocation, customized target date funds, target risk funds and other strategies tailored to help clients meet their investment goals.

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

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As of September 30, 2012, 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 1.4% of the issued and outstanding units representing assignments of beneficial ownership of limited partnership interests in Holding (“Holding Units”).

As of September 30, 2012, the ownership structure of AllianceBernstein, expressed as a percentage of general and limited partnership interests, was as follows:

|                          |       |   |
|--------------------------|-------|---|
| AXA and its subsidiaries | 61.0  | % |
| Holding                  | 37.5  |   |
| Unaffiliated holders     | 1.5   |   |
|                          | 100.0 | % |

AllianceBernstein Corporation (an indirect wholly-owned subsidiary of AXA, “General Partner”) is the general partner of both Holding and AllianceBernstein. AllianceBernstein Corporation owns 100,000 general partnership units in Holding and a 1% general partnership interest in AllianceBernstein. Including both the general partnership and limited partnership interests in Holding and AllianceBernstein, AXA and its subsidiaries had an approximate 64.2% economic interest in AllianceBernstein as of September 30, 2012.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The interim condensed financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the interim results, have been made. The preparation of the condensed financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the condensed financial statements and the reported amounts of revenues and expenses during the interim reporting periods. Actual results could differ from those estimates. The December 31, 2011 condensed statement of financial condition was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America.

### Investment in AllianceBernstein

Holding records its investment in AllianceBernstein using the equity method of accounting. Holding’s investment is increased to reflect its proportionate share of income of AllianceBernstein and decreased to reflect its proportionate share of losses of AllianceBernstein and cash distributions made by AllianceBernstein to its unitholders. In addition, its investment is adjusted to reflect its proportionate share of certain capital transactions of AllianceBernstein.

### Revision

During the second quarter of 2012, we revised prior period amounts recorded for our cash distributions to AllianceBernstein on unallocated Holding Units held in its consolidated rabbi trust from due from AllianceBernstein to investments in AllianceBernstein in the condensed statements of financial condition. In addition, changes in due from AllianceBernstein included in cash flows from operating activities in prior periods are now presented as additional investments in AllianceBernstein included in cash flows from investing activities. As of March 31, 2012, the cumulative impact of the revision on the investment in AllianceBernstein in the condensed statement of financial condition was \$8.8 million and the impact of the revision for the full year 2011 in the statement of cash flows was

\$5.7 million. Management concluded that the revision did not, individually or in the aggregate, result in a material misstatement of Holding's financial statement for any prior period.

#### Cash Distributions

Holding is required to distribute all of its Available Cash Flow, as defined in the Amended and Restated Agreement of Limited Partnership of Holding ("Holding Partnership Agreement"), to its unitholders pro rata in accordance with their percentage interests in Holding. Available Cash Flow is defined as the cash distributions Holding receives from AllianceBernstein minus such amounts as the General Partner determines, in its sole discretion, should be retained by Holding 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.

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On October 24, 2012, the General Partner declared a distribution of \$37.9 million, or \$0.36 per unit, representing Available Cash Flow for the three months ended September 30, 2012. Each general partnership unit in Holding is entitled to receive distributions equal to those received by each Holding Unit. The distribution is payable on November 21, 2012 to holders of record at the close of business on November 5, 2012.

Deferred Compensation Plans

AllianceBernstein maintains several unfunded, non-qualified deferred compensation plans under which annual awards to employees are made generally in the fourth quarter.

For awards made before 2009, participants were permitted to allocate their awards: (i) among notional investments in Holding Units, certain of the investment services AllianceBernstein provided to clients and a money market fund or (ii) under limited circumstances, in options to buy Holding Units.

- AllianceBernstein made investments in its services that were notionally elected by participants and maintained them in a consolidated rabbi trust or separate custodial account.
- Awards generally vested over four years but could vest more quickly depending on the terms of the individual award, the age of the participant, or the terms of the participant's employment, separation or retirement agreement. Upon vesting, an award is distributed to the participant unless the participant has made a voluntary long-term election to defer receipt.
- Quarterly cash distributions on unvested Holding Units for which a long-term deferral election has not been made are paid currently to participants. Quarterly cash distributions on notional investments in Holding Units and income credited on notional investments in our investment services or the money market fund for which a long-term deferral election has been made are reinvested and distributed as elected by participants.
- Prior to a fourth quarter 2011 amendment made to all outstanding deferred incentive compensation awards of active employees (discussed below), compensation expense for awards under the plans, including changes in participant account balances resulting from gains and losses on related investments (other than in Holding Units and options to buy Holding Units), was recognized by AllianceBernstein on a straight-line basis over the applicable vesting periods. Mark-to-market gains or losses on investments made to fund deferred compensation obligations (other than in Holding Units and options to buy Holding Units) were, and continue to be, recognized by AllianceBernstein as investment gains (losses) in the condensed consolidated statements of income. In addition, equity in the earnings of investments in limited partnership hedge funds made to fund deferred compensation obligations was, and continues to be, recognized by AllianceBernstein as investment gains (losses) in the condensed consolidated statements of income.

Awards in 2010 and 2009 consisted solely of restricted Holding Units and deferred cash. (In 2010, deferred cash was an option available only to certain non-U.S. employees.)

- AllianceBernstein 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.
- Upon vesting, awards are distributed to participants unless the participant has made a voluntary long-term election to defer receipt.
- Quarterly cash 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.

- Prior to a fourth quarter 2011 amendment made to all outstanding deferred incentive compensation awards of active employees (discussed below), compensation expense for awards under the plans was recognized by AllianceBernstein on a straight-line basis over the applicable vesting periods.

Awards in 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, and had until January 13, 2012 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 the five business day period that commenced on January 13, 2012 and concluded on January 20, 2012.

- AllianceBernstein engaged in open-market purchases of Holding Units, or purchased newly-issued Holding Units from Holding, that were awarded to participants and held in a consolidated rabbi trust.

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- 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 AllianceBernstein's monthly weighted average cost of funds.

During the fourth quarter of 2011, AllianceBernstein implemented changes to its employee long-term incentive compensation award program designed 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. Specifically, AllianceBernstein amended all outstanding year-end deferred 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.

AllianceBernstein recognizes 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 amendment made to the employee long-term incentive compensation award program in the fourth quarter of 2011, an employee's service requirement was typically the same as the delivery dates. This amendment eliminated employee service requirements, but did not modify delivery dates contained in the original award agreements.

As a result of this change, AllianceBernstein recorded a one-time, non-cash charge of \$587.1 million in the fourth quarter of 2011 for all unrecognized deferred 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, AllianceBernstein recorded 100% of the expense associated with its 2011 deferred incentive compensation awards of \$159.9 million. In January 2012, 8.7 million restricted Holding Units held in the consolidated rabbi trust were awarded for the 2011 awards and AllianceBernstein reclassified \$130.3 million of the liability to partners' capital as equity-based awards.

Awards granted in 2011 contained the provisions described above and we expect to include these provisions in deferred incentive compensation awards going forward. Accordingly, AllianceBernstein's annual incentive compensation expense will reflect 100% of the expense associated with the deferred incentive compensation awarded in each year. This approach to expense recognition will more closely match the economic cost of awarding deferred incentive compensation to the period in which the related service is performed.

Grants of restricted Holding Units and options to buy Holding Units are typically awarded to eligible members of the Board of Directors ("Eligible Directors") of the General Partner during the second quarter. Restricted Holding Units vest 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, AllianceBernstein fully expenses these awards on each grant date.

AllianceBernstein funds its 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 held in a consolidated rabbi trust until they are distributed to employees upon vesting. In accordance with the 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.

During the third quarter and first nine months of 2012, AllianceBernstein purchased 2.9 million and 9.5 million Holding Units for \$39.8 million and \$134.9 million, respectively. These amounts reflect open-market purchases of 2.8 million and 9.2 million Holding Units for \$38.8 million and \$129.4 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.

During each of the second and third quarters of 2012, AllianceBernstein adopted a plan 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. The broker selected by AllianceBernstein has the authority under the terms and limitations specified in the plan to repurchase Holding Units on AllianceBernstein's 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 third quarter of 2012 does not specify an aggregate limitation and expires at the close of business on October 24, 2012. AllianceBernstein intends to adopt additional Rule 10b5-1 plans so that the firm can continue to engage in open-market purchases of Holding Units to help fund anticipated obligations under its incentive compensation award program and for other corporate purposes.



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AllianceBernstein granted to employees and Eligible Directors 11.9 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) during the first nine months of 2012. To fund these awards, AllianceBernstein allocated previously repurchased Holding Units that had been held in AllianceBernstein's consolidated rabbi trust. The 2011 incentive compensation awards allowed most employees to allocate their awards between restricted Holding Units and deferred cash. As a result, 8.7 million restricted Holding Unit awards for the December 2011 awards were awarded and allocated as such within AllianceBernstein's consolidated rabbi trust in January 2012. There were approximately 11.8 million unallocated Holding Units remaining in AllianceBernstein's consolidated rabbi trust as of September 30, 2012.

## 3. Net (Loss) Income Per Unit

Basic net (loss) income per unit is derived by dividing net (loss) income by the basic weighted average number of units outstanding for each period. Diluted net (loss) income per unit is derived by adjusting net (loss) income for the assumed dilutive effect of compensatory options ("Net (loss) income – diluted") and dividing by the diluted weighted average number of units outstanding for each period.

|                                                                                                                                                       | Three Months Ended September 30, |           | Nine Months Ended September 30, |            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|---------------------------------|------------|
|                                                                                                                                                       | 2012                             | 2011      | 2012                            | 2011       |
| (in thousands, except per unit amounts)                                                                                                               |                                  |           |                                 |            |
| Net (loss) income – basic                                                                                                                             | \$ (23,142 )                     | \$ 27,003 | \$ 24,896                       | \$ 106,195 |
| Additional allocation of equity in net (loss) income attributable to AllianceBernstein resulting from assumed dilutive effect of compensatory options | —                                | —         | —                               | 240        |
| Net (loss) income – diluted                                                                                                                           | \$ (23,142 )                     | \$ 27,003 | \$ 24,896                       | \$ 106,435 |
| Weighted average units outstanding – basic                                                                                                            | 101,333                          | 103,156   | 101,507                         | 103,915    |
| Dilutive effect of compensatory options                                                                                                               | —                                | —         | —                               | 316        |
| Weighted average units outstanding – diluted                                                                                                          | 101,333                          | 103,156   | 101,507                         | 104,231    |
| Basic net (loss) income per unit                                                                                                                      | \$ (0.23 )                       | \$ 0.26   | \$ 0.25                         | \$ 1.02    |
| Diluted net (loss) income per unit                                                                                                                    | \$ (0.23 )                       | \$ 0.26   | \$ 0.25                         | \$ 1.02    |

Holding's net loss of \$23.1 million during the third quarter of 2012 is due primarily to AllianceBernstein incurring a net loss of \$44.2 million, resulting from a pre-tax real estate charge of \$168.1 million AllianceBernstein recorded in the third quarter of 2012 in regard to its global office space consolidation plan.

For the three months and nine months ended September 30, 2012, we excluded 9,032,095 options from the diluted net (loss) income per unit computation due to their anti-dilutive effect. Weighted average units outstanding do not include Holding's proportional share (37.5% during the third quarter and first nine months of 2012; 37.5% during the third quarter of 2011 and 37.4% during the first nine months of 2011) of the Holding Units held by AllianceBernstein in its consolidated rabbi trust. For the three months and nine months ended September 30, 2011, we excluded 9,590,691 and 4,307,713 options, respectively, from the diluted net (loss) income per unit computation due to their anti-dilutive effect.



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## 4. Investment in AllianceBernstein

Changes in Holding's investment in AllianceBernstein during the nine-month period ended September 30, 2012 were as follows (in thousands):

|                                                                                                                        |              |
|------------------------------------------------------------------------------------------------------------------------|--------------|
| Investment in AllianceBernstein as of December 31, 2011                                                                | \$ 1,627,912 |
| Equity in net income attributable to AllianceBernstein Unitholders                                                     | 43,915       |
| Changes in accumulated other comprehensive income (loss)                                                               | 2,128        |
| Additional investments in AllianceBernstein from cash distributions paid to AllianceBernstein consolidated rabbi trust | 6,071        |
| Cash distributions received from AllianceBernstein                                                                     | (77,829)     |
| Change in Holding Units held by AllianceBernstein for deferred compensation plans                                      | 3,275        |
| Investment in AllianceBernstein as of September 30, 2012                                                               | \$ 1,605,472 |

## 5. Units Outstanding

Changes in Holding Units outstanding during the nine-month period ended September 30, 2012 were as follows:

|                                      |             |
|--------------------------------------|-------------|
| Outstanding as of December 31, 2011  | 105,173,342 |
| Options exercised                    | —           |
| Units issued                         | —           |
| Units forfeited                      | —           |
| Outstanding as of September 30, 2012 | 105,173,342 |

## 6. Income Taxes

Holding is a "grandfathered" publicly-traded partnership for federal tax purposes and, accordingly, is not subject to federal or state corporate income taxes. However, Holding is subject to the 4.0% New York City unincorporated business tax ("UBT"), net of credits for UBT paid by AllianceBernstein, and to a 3.5% federal tax on partnership gross income from the active conduct of a trade or business. Holding's partnership gross income is derived from its interest in AllianceBernstein.

Holding's income tax is computed by multiplying certain AllianceBernstein qualifying revenues (primarily U.S. investment advisory fees and SCB commissions) by Holding's ownership interest in AllianceBernstein, multiplied by the 3.5% tax rate. Holding's effective tax rate increased during the three months and nine months ended September 30, 2012 compared to the corresponding periods in 2011 due to AllianceBernstein's net income decreasing at a greater rate than the decrease in its qualifying revenues, which resulted from AllianceBernstein's third quarter 2012 real estate charge.

|                                                                 | Three Months Ended<br>September 30, |           |      | % Change<br><br>(in thousands) | Nine Months Ended<br>September 30, |            |          | % Change |
|-----------------------------------------------------------------|-------------------------------------|-----------|------|--------------------------------|------------------------------------|------------|----------|----------|
|                                                                 | 2012                                |           | 2011 |                                | 2012                               |            | 2011     |          |
|                                                                 |                                     |           |      |                                |                                    |            |          |          |
| Net (loss) income attributable to AllianceBernstein Unitholders | \$ (44,246 )                        | \$ 90,981 | n/m  |                                | \$ 117,217                         | \$ 341,592 | (65.7 )% |          |
|                                                                 | 37.5                                | % 37.5    | %    |                                | 37.5                               | % 37.4     | %        |          |

Multiplied by: weighted  
average equity ownership  
interest (see note)

Equity in net (loss) income  
attributable to

AllianceBernstein

|             |              |           |     |           |            |         |
|-------------|--------------|-----------|-----|-----------|------------|---------|
| Unitholders | \$ (16,595 ) | \$ 34,074 | n/m | \$ 43,915 | \$ 127,877 | (65.7 ) |
|-------------|--------------|-----------|-----|-----------|------------|---------|

AllianceBernstein

|                     |            |            |          |              |              |         |
|---------------------|------------|------------|----------|--------------|--------------|---------|
| qualifying revenues | \$ 492,996 | \$ 533,542 | (7.6 ) % | \$ 1,428,600 | \$ 1,633,584 | (12.5 ) |
|---------------------|------------|------------|----------|--------------|--------------|---------|

Multiplied by: weighted  
average equity ownership  
interest (see note)

|      |   |      |   |      |   |      |   |
|------|---|------|---|------|---|------|---|
| 37.5 | % | 37.5 | % | 37.5 | % | 37.4 | % |
|------|---|------|---|------|---|------|---|

|                            |     |   |     |   |     |   |     |   |
|----------------------------|-----|---|-----|---|-----|---|-----|---|
| Multiplied by: federal tax | 3.5 | % | 3.5 | % | 3.5 | % | 3.5 | % |
|----------------------------|-----|---|-----|---|-----|---|-----|---|

|              |          |          |        |           |           |         |
|--------------|----------|----------|--------|-----------|-----------|---------|
| Income taxes | \$ 6,547 | \$ 7,071 | (7.4 ) | \$ 19,019 | \$ 21,682 | (12.3 ) |
|--------------|----------|----------|--------|-----------|-----------|---------|

|                    |      |   |      |   |      |   |      |   |
|--------------------|------|---|------|---|------|---|------|---|
| Effective tax rate | 39.5 | % | 20.8 | % | 43.3 | % | 17.0 | % |
|--------------------|------|---|------|---|------|---|------|---|

Note: Equity in net (loss) income attributable to AllianceBernstein Unitholders and income taxes are recorded monthly using equity ownership interest as of each month-end, whereas the weighted average ownership interest shown in the table represents our quarter-end ownership interest. Accordingly, the calculation above will not compute to actual amounts recorded.

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In order to preserve Holding's status as a "grandfathered" publicly-traded partnership for federal income tax purposes, management ensures that Holding does not directly or indirectly (through AllianceBernstein) enter into a substantial new line of business. If Holding were to lose its status as a "grandfathered" publicly-traded partnership, it would be subject to corporate income tax, which would reduce materially Holding's net income and its quarterly distributions to Holding unitholders.

7. Commitments and Contingencies

Legal and regulatory matters described below pertain to AllianceBernstein and are included here due to their potential significance to Holding's investment in AllianceBernstein.

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, we disclose that fact together with the estimate of the possible loss or range of loss. However, it is difficult to predict the outcome or estimate a possible loss or range of loss because litigation is subject to inherent uncertainties, particularly when plaintiffs allege substantial or indeterminate damages, or when the litigation is highly complex or broad in scope. 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, AllianceBernstein received a legal letter of claim (the "Letter of Claim") sent on behalf of a former European pension fund client, alleging that AllianceBernstein Limited (a wholly-owned subsidiary of AllianceBernstein 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. AllianceBernstein believes that any losses to this client resulted from adverse developments in the U.S. housing and mortgage market that precipitated the financial crisis in 2008 and not any negligence or failure on its part. AllianceBernstein believes that it has strong defenses to these claims and will defend them vigorously. It is reasonably possible that we could incur a loss as a result of this matter. Currently, however, we are unable to predict the outcome or estimate a possible loss or range of loss.

We are involved in various other matters, including regulatory inquiries, administrative proceedings and litigation, some of which allege significant damages. It is reasonably possible that we could incur some losses pertaining to these other matters; however, we believe that any such losses would be immaterial. Furthermore, although any inquiry, proceeding or litigation has the element of uncertainty, management believes that the outcome of any one of these other matters that is pending or threatened, or all of them combined, will not have a material adverse effect on our results of operations or financial condition.

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Report of Independent Registered Public Accounting Firm

To the Board of the General Partner  
AllianceBernstein Holding L.P.

We have reviewed the accompanying condensed statement of financial condition of AllianceBernstein Holding L.P. (“AllianceBernstein Holding”) as of September 30, 2012, and the related condensed statements of income and comprehensive income for the three-month and nine-month periods ended September 30, 2012 and 2011, and the condensed statement of cash flows for the nine-month periods ended September 30, 2012 and 2011. These interim financial statements are the responsibility of the management of AllianceBernstein Corporation, the General Partner.

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

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

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of financial condition as of December 31, 2011, and the related statements of income, of changes in partners’ capital and comprehensive income, and of cash flows for the year then ended (not presented herein), and in our report dated February 10, 2012, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed statement of financial condition as of December 31, 2011, is fairly stated in all material respects in relation to the statement of financial condition from which it has been derived.

/s/ PricewaterhouseCoopers LLP  
New York, New York  
October 24, 2012

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

Holding's principal source of income and cash flow is attributable to its investment in AllianceBernstein limited partnership Units. Holding's interim condensed financial statements and notes and management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with those of AllianceBernstein included as an exhibit to this Form 10-Q. They should also be read in conjunction with AllianceBernstein's audited financial statements and notes and MD&A included in Holding's Form 10-K for the year ended December 31, 2011.

## Results of Operations

|                                                                           | Three Months Ended<br>September 30, |   |        |   |          | Nine Months Ended<br>September 30, |         |         |       |          |
|---------------------------------------------------------------------------|-------------------------------------|---|--------|---|----------|------------------------------------|---------|---------|-------|----------|
|                                                                           | 2012                                |   | 2011   |   | % Change | 2012                               |         | 2011    |       | % Change |
| (in millions, except per unit amounts)                                    |                                     |   |        |   |          |                                    |         |         |       |          |
| Net (loss) income attributable to AllianceBernstein Unitholders           |                                     |   |        |   |          |                                    |         |         |       |          |
|                                                                           | \$(44.2                             | ) | \$91.0 |   | n/m      | %                                  | \$117.2 | \$341.6 | (65.7 | )%       |
| Weighted average equity ownership interest                                | 37.5                                | % | 37.5   | % |          |                                    | 37.5    | %       | 37.4  | %        |
| Equity in net (loss) income attributable to AllianceBernstein Unitholders |                                     |   |        |   |          |                                    |         |         |       |          |
|                                                                           | \$(16.6                             | ) | \$34.1 |   | n/m      |                                    | \$43.9  | \$127.9 | (65.7 | )        |
| Net (loss) income of Holding                                              | \$(23.1                             | ) | \$27.0 |   | n/m      |                                    | \$24.9  | \$106.2 | (76.6 | )        |
| Diluted net (loss) income per Holding Unit                                |                                     |   |        |   |          |                                    |         |         |       |          |
|                                                                           | \$(0.23                             | ) | \$0.26 |   | n/m      |                                    | \$0.25  | \$1.02  | (75.5 | )        |
| Distribution per Holding Unit                                             | \$0.36                              |   | \$0.26 |   | 38.5     |                                    | \$0.83  | \$1.02  | (18.6 | )        |

Net (loss) income for the three and nine months ended September 30, 2012 decreased \$50.1 million and \$81.3 million, respectively, to \$(23.1) million and \$24.9 million from net income of \$27.0 million and \$106.2 million, for the corresponding prior-year periods. The decreases reflect lower net income attributable to AllianceBernstein Unitholders primarily as a result of AllianceBernstein incurring a net loss of \$44.2 million, resulting from a pre-tax real estate charge of \$168.1 million AllianceBernstein recorded in the third quarter of 2012 in regard to its global office space consolidation plan.

Holding's income taxes represent a 3.5% federal tax on its partnership gross income from the active conduct of a trade or business. Holding's partnership gross income is derived from its interest in AllianceBernstein. Holding's income tax is computed by multiplying certain AllianceBernstein qualifying revenues (primarily U.S. investment advisory fees and SCB LLC commissions) by Holding's ownership interest in AllianceBernstein, multiplied by the 3.5% tax rate. Holding's effective tax rate increased to 39.5% and 43.3% during the three months and nine months ended September 30, 2012, respectively, compared to 20.8% and 17.0% in the corresponding periods in 2011 due to AllianceBernstein's 2012 net income decreasing compared to 2011 at a greater rate than the decrease in its 2012 qualifying revenues, which resulted from AllianceBernstein's third quarter 2012 real estate charge. See Note 6 to the condensed financial statements contained in Item 1.

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As supplemental information, AllianceBernstein provides the performance measures “adjusted net revenues”, “adjusted operating income” and “adjusted operating margin”, which are the principal operating metrics management uses in evaluating and comparing the period-to-period operating performance of AllianceBernstein. Such measures are not based on generally accepted accounting principles (“non-GAAP measures”). See AllianceBernstein’s MD&A contained in Exhibit 99.1. The impact of these non-GAAP measures on Holding’s net income and diluted net income per Holding Unit are as follows:

|  | Three Months Ended<br>September 30,<br>2012 |  |  |  | Nine Months Ended<br>September 30,<br>2011 |  |  |  |
|--|---------------------------------------------|--|--|--|--------------------------------------------|--|--|--|
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Management believes that the cash flow realized from its investment in AllianceBernstein will provide Holding with the resources necessary to meet its financial obligations.

#### Cash Distributions

Holding is required to distribute all of its Available Cash Flow, as defined in the Holding Partnership Agreement, to its unitholders (including the General Partner). Typically in the past, Available Cash Flow has been the diluted earnings per unit for the quarter multiplied by the number of units outstanding at the end of the quarter, except when, as was the case with the deferred compensation-related charge in the fourth quarter of 2011, the impact of the non-cash charge was eliminated. For the third quarter of 2012, Available Cash Flow is the adjusted diluted net income per unit for the quarter multiplied by the number of units outstanding 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 non-GAAP adjustments should not be made with respect to the Available Cash Flow calculation. See Note 2 to the condensed financial statements contained in Item 1 for a description of Available Cash Flow.

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Commitments and Contingencies

See Note 7 to the condensed financial statements contained in Item 1.

CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS

Certain statements provided by management in this report and in the portion of AllianceBernstein's Form 10-Q attached hereto as Exhibit 99.1 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 Part I, Item 1A of our Form 10-K for the year ended December 31, 2011 and Part II, Item 1A in this Form 10-Q. Any or all of the forward-looking statements that we make in Form 10-K, this Form 10-Q, 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 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 issue public and private debt 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 issue public and private debt on reasonable terms, as well as the market for such debt or equity, 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 possible impairment of goodwill in the future: As a result of increased economic uncertainty and current market dynamics, determining whether an impairment of the goodwill asset exists is increasingly difficult and requires management to exercise significant judgment. In addition, to the extent that securities valuations are depressed for prolonged periods of time and market conditions stagnate or worsen as a result of global economic and debt fears and the threat of another financial crisis, or if we continue to experience significant net redemptions, our assets under management, revenues, profitability and unit price may continue to 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. As a result, subsequent impairment tests may be more frequent and based upon more negative assumptions and future cash flow projections, which may result in an impairment of this asset. Any impairment could reduce materially the

recorded amount of goodwill, with a corresponding charge to our earnings.

•The outcome of litigation: Litigation is inherently unpredictable, and excessive damage awards do occur. Though we have stated that we do not expect certain legal proceedings to have a material adverse effect on our results of operations or financial condition, any settlement or judgment with respect to a legal proceeding could be significant, and could have such an effect.

•Our anticipation that the proposed 12b-1 fee-related rule changes will not have a material effect on us: We cannot predict the impact of this rule change, which 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.

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Our intention to continue to engage in open market purchases of Holding Units to help fund anticipated obligations under our incentive compensation award program: The number of Holding Units needed in future periods to make 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).

Our determination that adjusted employee compensation expense should not exceed 50% of our adjusted 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 revenues.

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, or that mandates ultimately will not be funded.

Our belief that our real estate consolidation plan will be effective in meaningfully improving our cost structure and helping position our firm for a stronger future: Any charges we record and our estimates of reduced occupancy expenses in future years are based on our current assumptions 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 be forced to record an additional charge and/or our estimated occupancy cost reduction may be less than we currently project.

Our belief that, while the outlook for both the Eurozone and the post-election U.S. economy remains uncertain, it is increasingly clear that the strategy we are executing is positioning AllianceBernstein for a stronger future: Changes and volatility in political, economic, capital market or industry conditions can result in changes in demand for our products and services or affect the value of our assets under management, all of which may adversely affect our financial condition and results of operations. The actual performance of the capital markets and other factors beyond our control will affect our investment success for clients and asset flows. Furthermore, improved flows depend on a number of factors, including our ability to deliver consistent, competitive investment performance, which cannot be assured, conditions of financial markets, consultant recommendations, and changes in our clients' investment preferences, risk tolerances and liquidity needs.

## OTHER INFORMATION

With respect to the unaudited condensed interim financial information of Holding for the three months and nine months ended September 30, 2012 and 2011 included in this quarterly report on Form 10-Q, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated October 24, 2012 appearing herein states that they did not audit and they do not express an opinion on the unaudited condensed interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended ("Securities Act") for their report on the unaudited condensed interim financial information because that report is not a "report" or a "part" of registration statements prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Securities Act.

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

There have been no material changes to Holding's market risk for the quarter ended September 30, 2012.

### Item 4. Controls and Procedures

## Disclosure Controls and Procedures

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

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

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Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during the third quarter of 2012 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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## Part II

## OTHER INFORMATION

## Item 1. Legal Proceedings

See Note 7 to the condensed financial statements contained in Part I, Item 1.

## Item 1A. Risk Factors

In addition to the information set forth in this report, please consider carefully “Risk Factors” in Part I, Item 1A of our Form 10-K for the year ended December 31, 2011. Such factors could materially affect our revenues, financial condition, results of operations and business prospects. See also our “Cautions Regarding Forward-Looking Statements” in Part I, Item 2.

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

There were no Holding Units sold by Holding in the period covered by this report that were not registered under the Securities Act.

During each of the second and third quarters of 2012, AllianceBernstein adopted a plan to repurchase Holding Units pursuant to Rule 10b5-1 under the 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. The broker selected by AllianceBernstein has the authority under the terms and limitations specified in the plan to repurchase Holding Units on AllianceBernstein’s 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 following table provides information relating to any Holding Units bought by AllianceBernstein in the quarter covered by this report:

## ISSUER PURCHASES OF EQUITY SECURITIES

| Period                    | (a)<br>Total Number<br>of Holding<br>Units<br>Purchased | (b)<br>Average Price<br>Paid<br>Per Holding<br>Unit, net of<br>Commissions | (c)<br>Total Number of<br>Holding<br>Units Purchased as<br>Part of Publicly<br>Announced Plans<br>or Programs(1) | (d)<br>Maximum Number<br>(or Approximate<br>Dollar Value) of<br>Holding Units that<br>May Yet<br>Be Purchased Under<br>the Plans or<br>Programs(1) |
|---------------------------|---------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| 7/1/12 - 7/31/12(2)(4)    | 714,758                                                 | \$ 12.38                                                                   | 680,755                                                                                                          | —                                                                                                                                                  |
| 8/1/12 - 8/31/12(2)(3)(4) | 1,242,542                                               | 13.32                                                                      | 1,201,753                                                                                                        | —                                                                                                                                                  |
| 9/1/12 - 9/30/12(3)(4)    | 954,652                                                 | 15.11                                                                      | 952,575                                                                                                          | —                                                                                                                                                  |
| Total                     | 2,911,952                                               | \$ 13.68                                                                   | 2,835,083                                                                                                        | —                                                                                                                                                  |

(1) AllianceBernstein entered into a Rule 10b5-1 plan on each of May 4, 2012 (which expired on August 2, 2012) and August 3, 2012 (which expires on October 24, 2012). The daily purchase limitation under each plan was

18%-22% of the composite trading volume of Holding Units on the trade date, subject to the daily volume limitation under Rule 10b-18 (i.e., 25% of the composite average daily trading volume of Holding Units over the four calendar weeks preceding the trade date). Neither plan specified an aggregate limitation.

- (2) Between July 2, 2012 and August 2, 2012, AllianceBernstein purchased 750,552 Holding Units on the open market pursuant to a Rule 10b5-1 plan to help fund anticipated obligations under its incentive compensation award program.
- (3) Between August 3, 2012 and September 28, 2012, AllianceBernstein purchased 2,084,531 Holding Units on the open market pursuant to a Rule 10b5-1 plan to help fund anticipated obligations under its incentive compensation award program.
- (4) During the third quarter of 2012, AllianceBernstein purchased from employees 76,869 Holding Units to allow them to fulfill statutory withholding tax requirements at the time of distribution of long-term incentive compensation awards.



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The following table provides information relating to any AllianceBernstein Units bought by AllianceBernstein in the quarter covered by this report:

## ISSUER PURCHASES OF EQUITY SECURITIES

| Period              | (a)<br>Total Number<br>of AllianceBernstein<br>Units<br>Purchased | (b)<br>Average Price<br>Paid<br>Per AllianceBernstein<br>Unit, net of<br>Commissions | (c)<br>Total Number of<br>AllianceBernstein<br>Units Purchased as<br>Part of Publicly<br>Announced Plans<br>or Programs | (d)<br>Maximum Number<br>(or Approximate<br>Dollar Value) of<br>AllianceBernstein Units that<br>May Yet<br>Be Purchased Under<br>the Plans or<br>Programs |
|---------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7/1/12 - 7/31/12    | —                                                                 | \$ —                                                                                 | —                                                                                                                       | —                                                                                                                                                         |
| 8 /1/12 -8/31/12    | —                                                                 | —                                                                                    | —                                                                                                                       | —                                                                                                                                                         |
| 9/1/12 - 9/30/12(1) | 3,456                                                             | 14.29                                                                                | —                                                                                                                       | —                                                                                                                                                         |
| Total               | 3,456                                                             | \$ 14.29                                                                             | —                                                                                                                       | —                                                                                                                                                         |

(1) During September 2012, AllianceBernstein purchased 3,456 AllianceBernstein Units in private transactions.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

None.

## Item 5. Other Information

None.

## Item 6. Exhibits

15.1 Letter from PricewaterhouseCoopers LLP, our independent registered public accounting firm, regarding unaudited interim financial information.

31.1 Certification of Mr. Kraus furnished pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Mr. Weisenseel furnished pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 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.

32.2 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.

99.1 Part I, Items 1 through 4 of the AllianceBernstein L.P. Quarterly Report on Form 10-Q for the quarter ended September 30, 2012.

101.INSXBRL Instance Document.

101.SCHXBRL Taxonomy Extension Schema.

101.CALXBRL Taxonomy Extension Calculation Linkbase.

101.LABXBRL Taxonomy Extension Label Linkbase.

101.PREXBRL Taxonomy Extension Presentation Linkbase.

101.DEFBRL Taxonomy Extension Definition Linkbase.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 24, 2012

ALLIANCEBERNSTEIN HOLDING L.P.

By: /s/ John C. Weisenseel  
John C. Weisenseel  
Chief Financial Officer