

ALLIANCEBERNSTEIN HOLDING L.P.  
Form 10-Q  
October 29, 2009

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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, 2009

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

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 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

Accelerated filer

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

Smaller reporting company

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

Yes

No

The number of units representing assignments of beneficial ownership of limited partnership interests outstanding as of September 30, 2009 was 92,752,989.\*

\*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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## Part I

## FINANCIAL INFORMATION

## Item 1. Financial Statements

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

	September 30, 2009 (unaudited)	December 31, 2008
<b>ASSETS</b>		
Investment in AllianceBernstein	\$1,680,106	\$ 1,600,045
Other assets	10	1,397
<b>Total assets</b>	<b>\$1,680,116</b>	<b>\$ 1,601,442</b>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
<b>Liabilities:</b>		
Payable to AllianceBernstein	\$1,199	\$ 4,825
Other liabilities	119	462
<b>Total liabilities</b>	<b>1,318</b>	<b>5,287</b>
Commitments and contingencies (See Note 7)		
<b>Partners' capital:</b>		
General Partner: 100,000 general partnership units issued and outstanding	1,672	1,633
Limited partners: 92,652,989 and 90,223,767 limited partnership units issued and outstanding	1,686,153	1,618,985
Accumulated other comprehensive income (loss)	(9,027 )	(24,463 )
<b>Total partners' capital</b>	<b>1,678,798</b>	<b>1,596,155</b>
<b>Total liabilities and partners' capital</b>	<b>\$1,680,116</b>	<b>\$ 1,601,442</b>

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		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
Equity in net income attributable to AllianceBernstein Unitholders	\$68,723	\$72,936	\$125,427	\$247,975
Income taxes	6,193	8,575	17,909	27,267
Net income	\$62,530	\$64,361	\$107,518	\$220,708
Net income per unit:				
Basic	\$0.67	\$0.73	\$1.17	\$2.52
Diluted	\$0.67	\$0.73	\$1.17	\$2.52

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 September 30,	
	2009	2008
Cash flows from operating activities:		
Net income	\$107,518	\$220,708
Adjustments to reconcile net income to net cash used in operating activities:		
Equity in net income attributable to AllianceBernstein Unitholders	(125,427 )	(247,975 )
Changes in assets and liabilities:		
Decrease (increase) in other assets	1,387	(223 )
(Decrease) in payable to AllianceBernstein	(3,626 )	(769 )
(Decrease) increase in other liabilities	(343 )	32
Net cash used in operating activities	(20,491 )	(28,227 )
Cash flows from investing activities:		
Investment in AllianceBernstein with proceeds from exercise of compensatory options to buy Holding Units	—	(13,353 )
Cash distributions received from AllianceBernstein	91,382	277,127
Net cash provided by investing activities	91,382	263,774
Cash flows from financing activities:		
Cash distributions to unitholders	(70,891 )	(248,900 )
Proceeds from exercise of compensatory options to buy Holding Units	—	13,353
Net cash used in financing activities	(70,891 )	(235,547 )
Change in cash and cash equivalents	—	—
Cash and cash equivalents as of beginning of period	—	—
Cash and cash equivalents as of end of period	\$—	\$—
Non-cash investing activities:		
Change in accumulated other comprehensive income (loss)	\$15,436	\$(14,042 )
Awards of Holding Units made by AllianceBernstein under deferred compensation plans, net of forfeitures	30,812	68,720
Non-cash financing activities:		
Purchases of Holding Units by AllianceBernstein to fund deferred compensation plans, net	(232 )	(3,202 )

See Accompanying Notes to Condensed Financial Statements.

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ALLIANCEBERNSTEIN HOLDING L.P.  
Notes to Condensed Financial Statements  
September 30, 2009  
(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, 2008.

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

**Institutional Investment 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 individual 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.

**Institutional Research Services** – servicing its institutional clients seeking independent research, portfolio strategy and brokerage-related services.

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

AllianceBernstein provides a broad range of services with expertise in:

- Value equities, generally targeting stocks that are out of favor and that may trade at bargain prices;
- Growth equities, generally targeting stocks with under-appreciated growth potential;
- Fixed income securities, including both taxable and tax-exempt securities;



- Blend strategies, combining style-pure investment components with systematic rebalancing;
    - Passive management, including both index and enhanced index strategies;
  - Alternative investments, such as hedge funds, currency management strategies and venture capital; and
- Asset allocation by which AllianceBernstein offers specifically-tailored investment solutions for its clients (e.g., customized target-date fund retirement services for institutional defined contribution plan clients).

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

Recently, AllianceBernstein was selected by the U.S. Treasury Department as one of only three firms to manage its portfolio of assets issued by banks and other institutions taking part in the Capital Purchase Program of the Troubled Assets Relief Program. In addition, AllianceBernstein was selected by the U.S. Treasury Department as one of nine pre-qualified fund managers under the Public-Private Investment Program.

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AllianceBernstein’s independent research is the foundation of its business. AllianceBernstein’s research disciplines include fundamental research, quantitative research, economic research and currency forecasting capabilities. In addition, AllianceBernstein has created several specialized research units, including one unit that examines global strategic changes that can affect multiple industries and geographies, and another dedicated to identifying potentially successful innovations within private early-stage growth companies.

As of September 30, 2009, 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 1.6% of the issued and outstanding units representing assignments of beneficial ownership of limited partnership interests in Holding (“Holding Units”).

As of September 30, 2009, the ownership structure of AllianceBernstein, expressed as a percentage of general and limited partnership interests, was as follows:

AXA and its subsidiaries	63.5%
Holding	34.5
Unaffiliated holders	2.0
	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 64.1% economic interest in AllianceBernstein as of September 30, 2009.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The interim condensed financial statements of Holding included herein have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the interim results, have been made. The preparation of the condensed 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, 2008 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.

### FASB Codification

For annual and interim periods ending after September 15, 2009, the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (the “Codification”) became the single authoritative source of generally accepted accounting principles (“GAAP”) in the United States.

### Subsequent Events

We evaluated subsequent events through October 29, 2009, the date the financial statements were issued.

#### 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, Holding's investment is adjusted to reflect certain capital transactions of AllianceBernstein.

#### 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.

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On October 29, 2009, the General Partner declared a distribution of \$62.1 million, or \$0.67 per unit, representing Available Cash Flow for the three months ended September 30, 2009. 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 19, 2009 to holders of record at the close of business on November 9, 2009.

## Compensatory Option Plans

AllianceBernstein maintains certain compensation plans under which options to buy Holding Units have been, or may be, granted to employees of AllianceBernstein and independent directors of the General Partner. AllianceBernstein recognizes compensation expense related to grants of compensatory options in its financial statements. Under the fair value method, compensatory expense is measured at the grant date based on the estimated fair value of the award (determined using the Black-Scholes option valuation model) and is recognized ratably over the vesting period. Holding exchanges the proceeds from exercises of Holding Unit options for AllianceBernstein Units and thereby increases its investment in AllianceBernstein.

## 3. Net Income Per Unit

Basic net income per unit is derived by dividing net income by the basic weighted average number of units outstanding for each period. Diluted net income per unit is derived by adjusting net income for the assumed dilutive effect of compensatory options ("Net 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,	
	2009	2008	2009	2008
	(in thousands, except per unit amounts)			
Net income – basic	\$ 62,530	\$ 64,361	\$ 107,518	\$ 220,708
Additional allocation of equity in net income attributable to AllianceBernstein resulting from assumed dilutive effect of compensatory options	306	251	154	1,531
Net income – diluted	\$ 62,836	\$ 64,612	\$ 107,672	\$ 222,239
Weighted average units outstanding – basic	92,657	87,582	92,146	87,433
Dilutive effect of compensatory options	635	515	174	909
Weighted average units outstanding – diluted	93,292	88,097	92,320	88,342
Basic net income per unit	\$ 0.67	\$ 0.73	\$ 1.17	\$ 2.52
Diluted net income per unit	\$ 0.67	\$ 0.73	\$ 1.17	\$ 2.52

For the three months and nine months ended September 30, 2009, we excluded 6,120,480 out-of-the-money options (i.e., options with an exercise price greater than the weighted average closing price of a unit for the relevant period) from the diluted net income per unit computation due to their anti-dilutive effect. For the three months and nine months ended September 30, 2008, we excluded 5,073,605 and 3,664,405, respectively, out-of-the-money options from the diluted net income per unit computation due to their anti-dilutive effect.

## 4. Investment in AllianceBernstein

Changes in Holding's investment in AllianceBernstein for the nine-month period ended September 30, 2009 were as follows (in thousands):

Investment in AllianceBernstein as of December 31, 2008	\$ 1,600,045
Equity in net income attributable to AllianceBernstein Unitholders	125,427
Changes in accumulated other comprehensive income	15,436
Cash distributions received from AllianceBernstein	(91,382)
Purchases of Holding Units by AllianceBernstein to fund deferred compensation plans, net	(232)
Awards of Holding Units by AllianceBernstein under deferred compensation plans, net of forfeitures	30,812
Investment in AllianceBernstein as of September 30, 2009	\$ 1,680,106

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## 5. Units Outstanding

The following table summarizes the activity in Holding Units during the first nine months of 2009:

Outstanding as of December 31, 2008	90,323,767
Options exercised	—
Units issued	2,430,742
Units forfeited	(1,520)
Outstanding as of September 30, 2009	92,752,989

Units issued pertain to Holding Units newly issued under our Amended and Restated 1997 Long Term Incentive Plan and include: (i) restricted unit awards to independent members of the Board of Directors of the General Partner, (ii) restricted unit awards to certain key employees, (iii) unit issuances to fund deferred compensation notional investment elections by plan participants, (iv) Century Club Plan unit awards to AllianceBernstein employees whose primary responsibilities are to assist in the distribution of company-sponsored mutual funds, and (v) unit issuances in connection with certain employee separation agreements.

## 6. Income Taxes

Holding is a 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.

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 may be 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.

On October 2, 2003, a purported class action complaint entitled *Hindo, et al. v. AllianceBernstein Growth & Income Fund, et al.* (“Hindo Complaint”) was filed against, among others, AllianceBernstein, Holding and the General Partner. The Hindo Complaint alleges that certain defendants failed to disclose that they improperly allowed certain hedge funds and other unidentified parties to engage in “late trading” and “market timing” of certain of our U.S. mutual fund

securities, violating various securities laws.

Following October 2, 2003, additional lawsuits making factual allegations generally similar to those in the Hinds Complaint were filed in various federal and state courts against AllianceBernstein and certain other defendants. On September 29, 2004, plaintiffs filed consolidated amended complaints with respect to four claim types: mutual fund shareholder claims; mutual fund derivative claims; derivative claims brought on behalf of Holding; and claims brought under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") by participants in the Profit Sharing Plan for Employees of AllianceBernstein.

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

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

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

## 8. Comprehensive Income

Partners' capital is adjusted to reflect certain capital transactions of AllianceBernstein. Comprehensive income consisted of:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	(in thousands)			
Net income	\$ 62,530	\$ 64,361	\$ 107,518	\$ 220,708
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on investments	1,043	(108 )	1,509	(1,305 )
Foreign currency translation adjustment	(1,671 )	(15,977 )	13,981	(12,607 )
Changes in retirement plan related items	8	(33 )	(54 )	(130 )
	(620 )	(16,118 )	15,436	(14,042 )
Comprehensive income	\$ 61,910	\$ 48,243	\$ 122,954	\$ 206,666



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Report of Independent Registered Public Accounting Firm

To the General Partner and Unitholders  
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, 2009, the related condensed statements of income for the three-month and nine-month periods ended September 30, 2009 and 2008, and the condensed statements of cash flows for the nine-month periods ended September 30, 2009 and 2008. 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, 2008, 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 20, 2009, 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, 2008 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 29, 2009

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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 interests. The Holding 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 Exhibit 99.1 to this Form 10-Q. They should also be read in conjunction with AllianceBernstein's audited financial statements and notes and MD&A included as an exhibit in Holding's Form 10-K for the year ended December 31, 2008.

## Results of Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	% Change	2009	2008	% Change
	(in millions, except per unit amounts)					
Net income attributable to AllianceBernstein Unitholders	\$199.3	\$219.5	(9.2 )%	\$364.5	\$747.3	(51.2 )%
Weighted average equity ownership interest	34.5 %	33.2 %		34.4 %	33.2 %	
Equity in net income attributable to AllianceBernstein Unitholders	\$68.7	\$72.9	(5.8 )	\$125.4	\$248.0	(49.4 )
Net income of Holding	\$62.5	\$64.4	(2.8 )	\$107.5	\$220.7	(51.3 )
Diluted net income per Holding Unit	\$0.67	\$0.73	(8.2 )	\$1.17	\$2.52	(53.6 )
Distribution per Holding Unit(1)	\$0.67	\$0.60	11.7	\$1.15	\$2.39	(51.9 )

(1)Third quarter 2008 distribution excludes a \$35.3 million insurance reimbursement received in that quarter.

Net income for the three months and nine months ended September 30, 2009 decreased \$1.9 million and \$113.2 million, respectively, to \$62.5 million and \$107.5 million from net income of \$64.4 million and \$220.7 million, for the corresponding prior year periods. The decrease reflects lower equity in net income attributable to AllianceBernstein Unitholders. See AllianceBernstein's MD&A contained in Exhibit 99.1.

## Capital Resources and Liquidity

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

	Nine Months Ended September 30,		
	2009	2008	% Change
	(in millions)		
Partners' capital, as of September 30	\$ 1,678.8	\$ 1,604.1	4.7%
Distributions received from AllianceBernstein	91.4	277.1	(67.0)

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Distributions paid to unitholders	(70.9)	(248.9)	(71.5)
Proceeds from exercise of compensatory options to buy Holding Units	—	13.4	(100.0)
Investment in AllianceBernstein with proceeds from exercise of compensatory options to buy Holding Units	—	(13.4)	(100.0)
Purchases of Holding Units by AllianceBernstein to fund deferred compensation plans, net	(0.2)	(3.2)	(92.8)
Awards of Holding Units made by AllianceBernstein under deferred compensation plans, net of forfeitures	30.8	68.7	(55.2)
Available Cash Flow	106.4	209.0	(49.1)

Cash and cash equivalents were zero as of September 30, 2009 and 2008. Cash inflows from AllianceBernstein distributions received were offset by cash distributions paid to unitholders and income taxes paid. 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). Management believes that the cash flow from its investment in AllianceBernstein will provide Holding with the resources to meet its financial obligations. 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, 2008 ("Form 10-K") and Part II, Item 1A in this Form 10-Q. Any or all of the forward-looking statements that we make in the 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 revenues, financial condition, results of operations and business prospects.

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

• **Our backlog 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 we currently anticipate.

• **The possibility that prolonged weakness in the value of client assets under management may result in impairment of goodwill, intangible assets and the deferred sales commission asset:** To the extent that securities valuations are depressed for prolonged periods of time, client assets under management and our revenues, profitability and unit price may be adversely affected. As a result, subsequent impairment tests may be based upon different assumptions and future cash flow projections, which may result in an impairment of goodwill, intangible assets and the deferred sales commission asset.

• **The cash flow Holding realizes from its investment in AllianceBernstein providing 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 access to 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 access to public and private debt, as well as the market for debt or equity we may choose to issue on reasonable terms, may be limited by adverse market conditions, 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 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 expectation that the global economy will grow modestly in 2010: The extent to which global economies may have recently stabilized is not necessarily indicative of future results. Global economies face significant obstacles to sustained future growth. The actual performance of the capital markets and other factors beyond our control will affect our investment success for clients and asset flows.

•The leverage inherent in our business model increasing should our AUM and revenues continue to grow and our lower expense base remains stable: Unanticipated events and factors, including strategic initiatives, may cause us to expand our expense base, thus limiting the extent to which we benefit from any positive leverage in future periods. Growth in our revenues will depend on the level of our assets under management, which in turn depends on factors such as the actual performance of the capital markets, the performance of our investment products and other factors beyond our control.

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OTHER INFORMATION

With respect to the unaudited condensed interim financial information of Holding for the three months and nine months ended September 30, 2009 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 29, 2009 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, 2009.

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 Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported in a timely manner, and (ii) accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to permit timely decisions regarding our disclosure.

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

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during the third quarter of 2009 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 2007 and again in 2009, Congress proposed tax legislation that would cause certain publicly-traded partnerships (“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 asset manager or investment management services through its ownership interest in AllianceBernstein. However, the legislation, in the form proposed, would not affect Holding’s tax status. In addition, we continue to receive consistent indications from a number of individuals involved in the legislative process that Holding’s tax status is not the focus of the proposed legislation, and that they do not expect to change that approach. However, we cannot predict whether, or in what form, the proposed tax legislation will pass, and are unable to determine what effect any new legislation might have on us. If Holding were to lose its federal tax status as a “grandfathered” PTP, it would be subject to corporate income tax which would reduce materially its net income and quarterly distributions to Holding unitholders.

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

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, 2008. Such factors could materially affect our revenues, financial condition, results of operations and business prospects. See also “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.

The following table provides information relating to any purchases of Holding Units by AllianceBernstein made in the quarter covered by this report:

## ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Units Purchased	(b) Average Price Paid Per Unit, net of Commissions	(c) Total Number of Units Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Units that May Yet Be Purchased Under the Plans or Programs
7/1/09 - 7/31/09	29,990	\$ 20.24	—	—

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8/1/09 - 8/31/09	1,084	20.72	—	—
9/1/09 - 9/30/09	23	21.38	—	—
Total	31,097	\$ 20.26	—	—

All Holding Units were purchased from employees to allow them to fulfill statutory withholding tax requirements at the time of distribution of deferred compensation awards.

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

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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. Joseph 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. Joseph furnished for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 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, 2009.

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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 29, 2009

AllianceBernstein Holding l.p.

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