

July 27, 2017



# SECOND QUARTER 2017 REVIEW

**Seth P. Bernstein** President & Chief Executive Officer

**John C. Weisenseel** Chief Financial Officer

# Cautions Regarding Forward-Looking Statements

Certain statements provided by management in this presentation 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 current and proposed government regulations, including changes in tax regulations and rates and the manner in which the earnings of publicly-traded partnerships are taxed. AB cautions readers to carefully consider such factors. Further, such forward-looking statements speak only as of the date on which such statements are made; AB undertakes 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” and “Cautions Regarding Forward-Looking Statements” in AB’s Form 10-K for the year ended December 31, 2016 and subsequent Forms 10-Q. Any or all of the forward-looking statements made in this presentation, Form 10-K, Forms 10-Q, other documents AB files with or furnishes to the SEC, and any other public statements issued by AB, may turn out to be wrong. It is important to remember that other factors besides those listed in “Risk Factors” and “Cautions Regarding Forward-Looking Statements,” and those listed below, could also adversely affect AB’s financial condition, results of operations and business prospects.

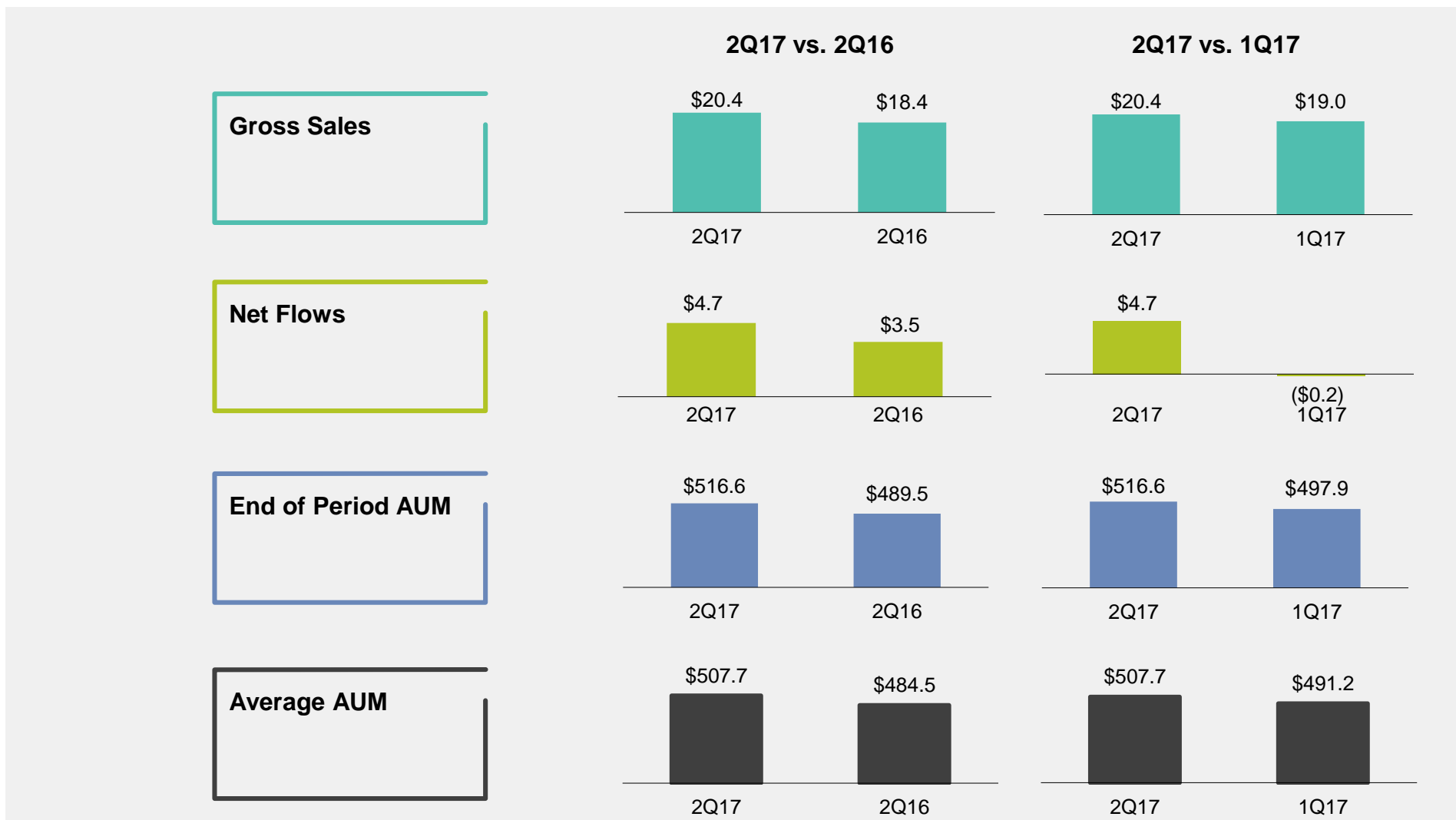
The forward-looking statements referred to in the preceding paragraph include statements regarding:

- + **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.
- + **The possibility that AB will engage in open market purchases of Holding Units to help fund anticipated obligations under our incentive compensation award program:** The number of Holding Units AB may decide to buy in future periods, if any, to help fund incentive compensation awards is dependent upon various factors, some of which are beyond our control, including the fluctuation in the price of a Holding Unit and the availability of cash to make these purchases.

# Seth P. Bernstein

President & Chief Executive Officer

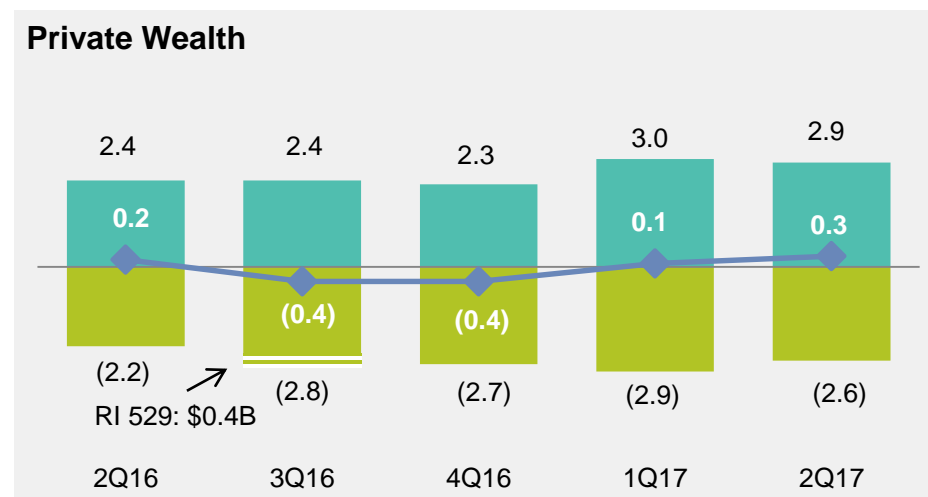
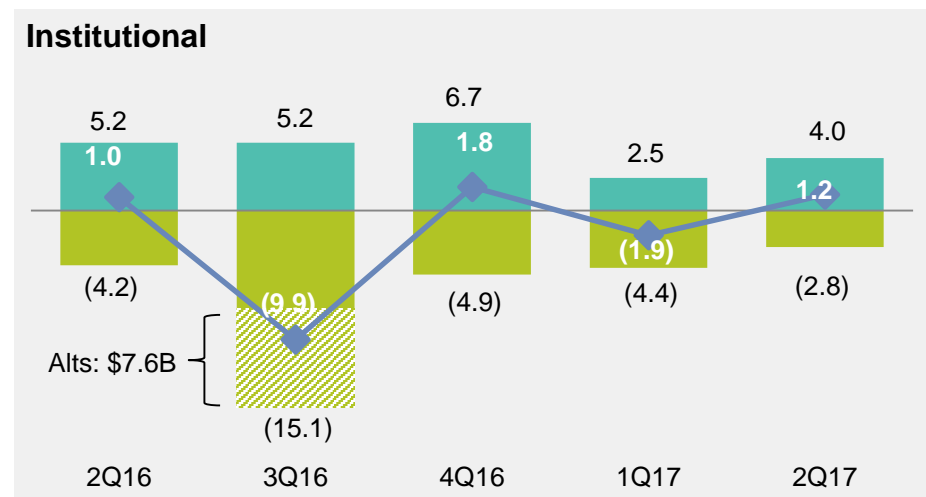
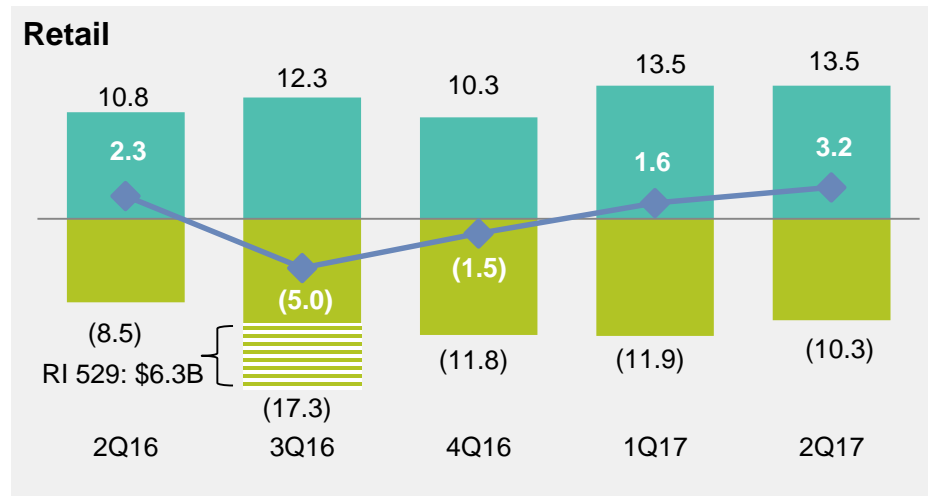
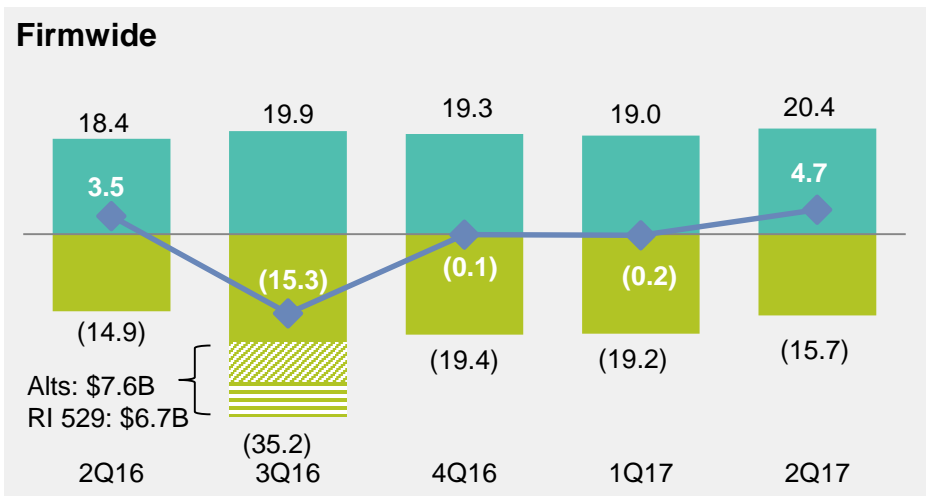
# Firmwide Overview: Second Quarter 2017



US \$ Billions; scales differ by chart



# Asset Flows by Distribution Channel: Quarterly Trend

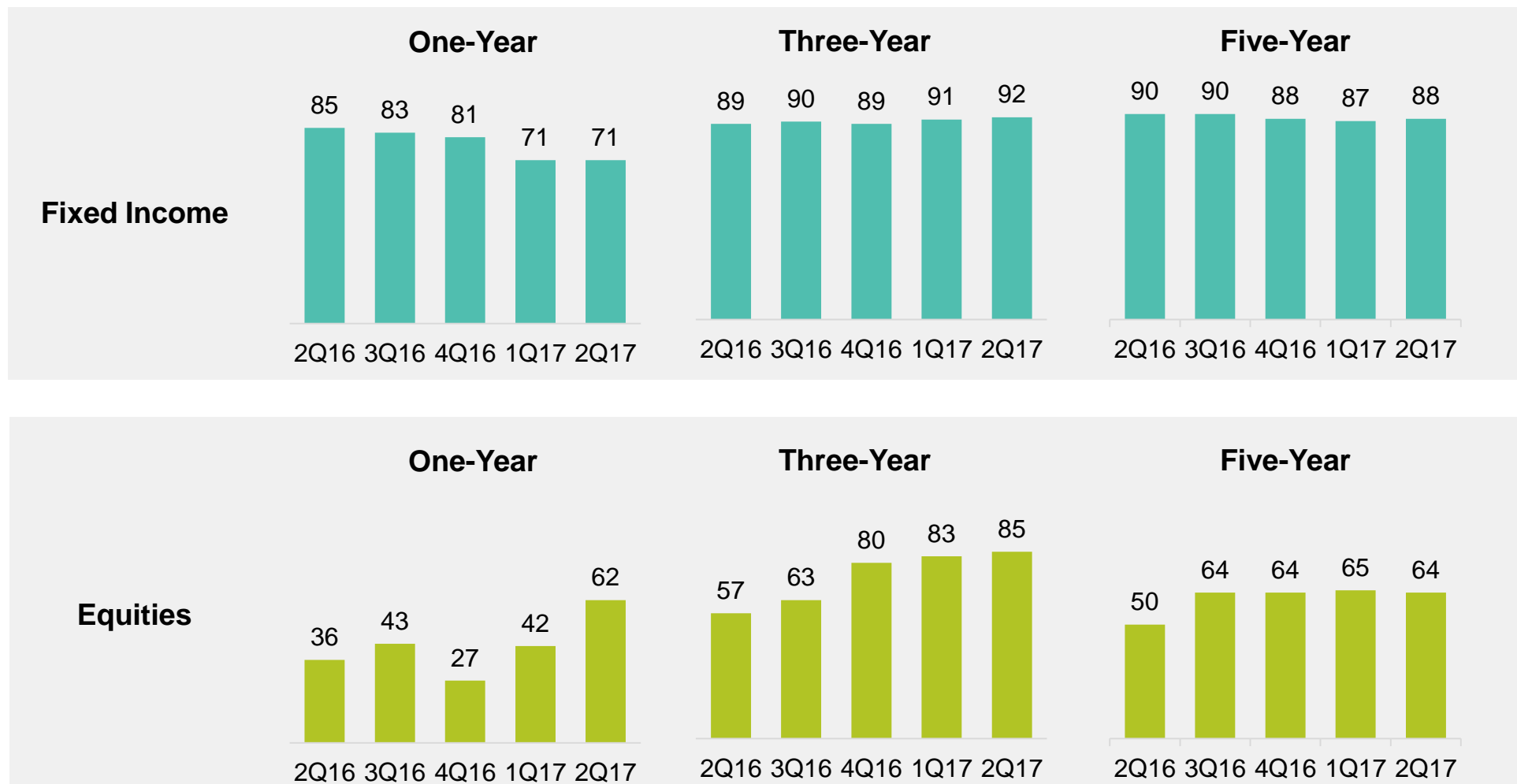


■ Gross Sales ■ Gross Redemptions ◆ Net Flows

US \$ Billions; scales differ by chart



# Percentage of Assets Outperforming at Quarter-End



Percentage of active fixed income and equity assets in institutional services that outperformed their benchmark gross of fees and percentage of active fixed income and equity assets in retail Advisor share class funds ranked in the top half of their Morningstar category. Where no Advisor class exists, A share class used.



# Fixed Income Investment Performance

Retail Service	Performance vs. Morningstar Category Average Through 6/30/17					
	1 Year		3 Year		5 Year	
	Relative (%)	Percentile	Relative (%)	Percentile	Relative (%)	Percentile
<b>Offshore</b>						
American Income Portfolio	(1.0)	64	1.6	12	0.8	26
Emerging Markets Debt Portfolio	1.1	27	1.9	27	1.2	28
Emerging Markets Local Currency Debt	2.9	6	1.3	15	1.5	10
European Income Portfolio	0.9	35	1.2	19	2.2	12
Global High Yield Portfolio	1.1	29	1.7	22	1.0	24
Mortgage Income Portfolio	4.0	10	2.0	8	(3.4)	N/A
Euro High Yield Portfolio	2.4	14	0.7	30	1.7	7
<b>US Taxable</b>						
Global Bond Fund	0.1	42	3.4	7	1.9	15
High Income Fund	1.6	26	1.7	7	1.7	8
Income Fund	4.6	2	2.5	1	2.3	2
<b>Municipals</b>						
High Income Municipal Portfolio	(0.6)	67	0.8	27	0.9	21
Intermediate Diversified Muni	(0.7)	87	1.0	6	0.7	15
Municipal Income National Portfolio	0.2	32	1.2	8	0.9	11

**Past performance does not guarantee future results.**

Relative Performance is calculated against the Fund's Morningstar Category and Percentile Ranking is determined by Morningstar Ranking Methodology. Where no Advisor class exists, I share class used. Morningstar Categories: American Income – USD Flexible Bond; Emerging Markets Debt – Global Emerging Markets Bond; Emerging Markets Local Currency Debt – Global Emerging Markets Bond – Local Currency; European Income (Hedged to EUR) – EUR Flexible Bond; Global High Yield – Global High Yield Bond; Mortgage Income – USD Flexible Bond; Euro High Yield – EUR High Yield Bond; Global Bond – World Bond; High Income – High Yield Bond; AB Income – Intermediate-Term Bond; High Income Municipal – High Yield Muni; Intermediate Diversified Muni – Muni National Short; Municipal Income National – Muni National Inter. As of 6/30/17. Source: AB and Morningstar.



# Equities Investment Performance

Retail Service	Performance vs. Morningstar Category Average Through 6/30/17					
	1 Year		3 Year		5 Year	
	Relative (%)	Percentile	Relative (%)	Percentile	Relative (%)	Percentile
<b>Offshore</b>						
Select US	(1.0)	65	1.4	29	0.9	35
US Thematic	9.9	3	3.7	1	4.5	1
Concentrated Global	4.9	15	3.2	13	N/A	N/A
Global Strategic Core <sup>(1)</sup>	(7.0)	92	4.5	4	N/A	N/A
Global Core	3.6	19	2.4	17	3.4	12
Global Thematic	4.6	15	1.4	29	1.5	25
European Equity	1.3	44	4.3	3	2.6	11
Emerging Markets Growth	2.6	32	2.9	9	3.6	5
Emerging Markets Strategic Core <sup>(1)</sup>	(2.7)	69	4.5	3	N/A	N/A
<b>US</b>						
Large Cap Growth	2.3	24	4.5	3	3.9	2
Discovery Growth	5.6	10	(0.3)	55	0.0	48
Discovery Value	3.0	23	0.5	44	1.3	26
Concentrated Growth	6.3	10	1.2	33	1.2	27
Relative Value	0.0	50	1.5	18	1.0	22
International Value	2.6	28	2.1	16	1.6	16

**Past performance does not guarantee future results.**

Relative Performance is calculated against the Fund's Morningstar Category and Percentile Ranking is determined by Morningstar Ranking Methodology. Where no Advisor class exists, I share class used. Select US – US Large-Cap Blend; US Thematic – US Large-Cap Blend – representative of US Thematic and Strategic Research SMAs; Concentrated Global – Large Cap Growth; Global Strategic Core (Low Vol) – Global Large-Cap Blend; Global Core – Large-Cap Blend; Global Thematic – Global Large-Cap Growth; European Equity – Europe Large-Cap Value; Emerging Markets Growth – Global Emerging Markets; Emerging Markets Strategic Core (EM Equity) – Global Emerging Markets Equity; Large Cap Growth – Large Growth; Discovery Growth – Mid-Cap Growth; Discovery Value – Mid-Cap Value; Concentrated Growth – Large Growth; Relative Value – Large Value; International Value – Foreign Large Value. As of 6/30/17. Source: AB and Morningstar.

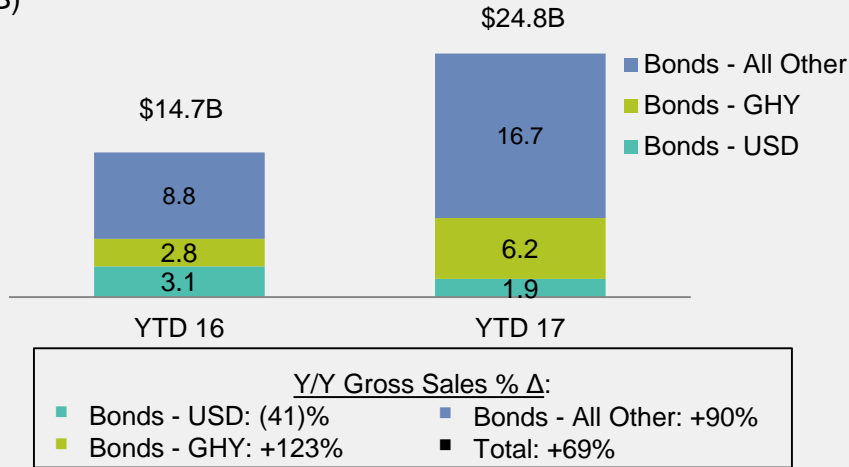
(1) Given the lower volatility targets of the Strategic Core strategies, a proper universe comparison does not currently exist in Morningstar.





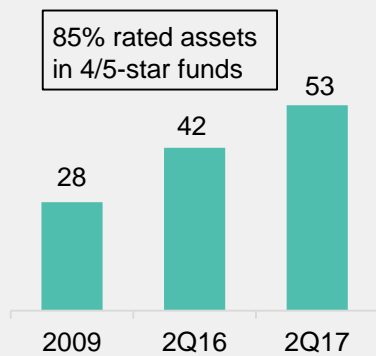
# Retail Highlights

## Asia ex Japan Industrywide Retail Bond Fund Sales<sup>(1)</sup> (\$B)

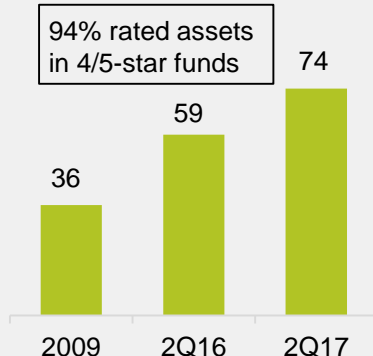


## Growing Percentage of 4/5-Star Rated Funds

### % Rated US Funds 4/5-Star



### % Rated Lux Funds 4/5-Star



1. Source: SalesWatch. As of May 31, 2017. YTD 16 and YTD 17 are periods January – May.

## Second Quarter 2017 Highlights

### Gross Sales & Net Flows

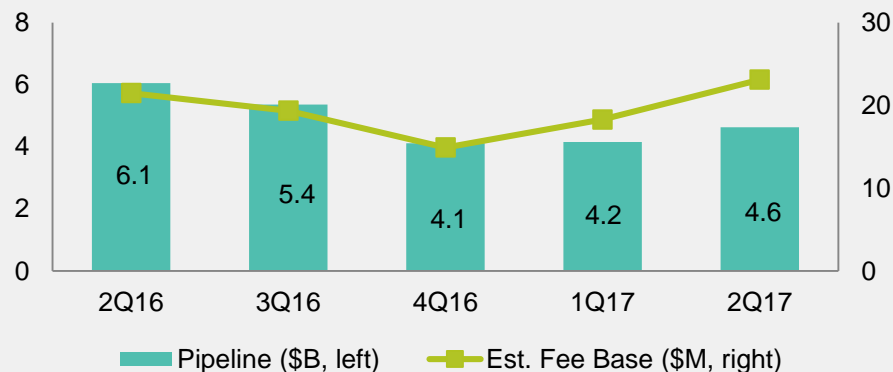
- + 2Q17 gross sales of \$13.5B up +25% Y/Y and flat Q/Q
- + Double-digit 2Q sales increases in AxJ and EMEA Y/Y and Q/Q
- + Equity sales up +64% Y/Y and +7% Q/Q
- + Discretionary Investment Management (DIM) and Emerging Market Multi-Asset (EMMA) sales doubled Q/Q
- + YTD gross sales of \$27B up \$8.4B, or +45%, vs. YTD 16
- + Second consecutive net flow positive quarter with +\$3.2B
  - + Positive active equity net flows of \$600M in 2Q
- + Net flow positive every month in 2017
- + +\$4.8B net inflows YTD vs. +\$1.7B for YTD 16

### Milestones

- + US Retail SMA platform at nearly \$10B – benefiting from DOL-related shift from mutual funds to SMAs and strength in muni business
- + Retail products in line-up that have launched since 2009 account for \$26B of current AUM and 23% of fee revenue
- + High AB rankings by net flows YTD in large Morningstar categories
  - + US: Record market shares for Global Bond (#4) and High Income (#8); US Large Cap Growth #9 out of 375 funds in its category
  - + Lux: Global High Yield and American Income Portfolio both #1; EMMA #1 ranked in Asia
- + AB top offshore fund manager in Taiwan – \$6.3B AUM; 21% share
- + New AB Performance Fee Fund Series seeded at end of June

# Institutional Highlights

## \$4.6B Pipeline<sup>(1)</sup> At Quarter-End



## Second Quarter 2017 Highlights

### Improved flow picture

- + 2Q17 gross sales of \$4.0B increased +60% Q/Q
  - + Americas (+87%), EMEA (+59%) and Asia (+27%)
- + \$2.8B in redemptions improved by 36% Q/Q; redemption rate below 5%
- + Return to positive net flows (+\$1.2B)

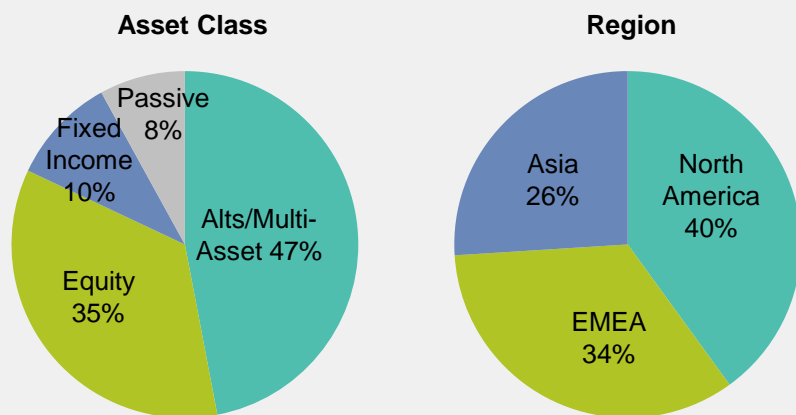
### Notable 2Q17 active pipeline adds across asset classes

- + Commercial Real Estate Debt Fund III: \$600M+
- + US SMID Cap Value: \$200M
- + Emerging Markets Value: \$180M+
- + Global Strategic Core Equity: \$100M
- + Select US Equity: \$60M
- + Momentum with alternatives and equities
  - + Eight of top 10 mandates today; nearly 75% of total pipeline assets

### Search activity gaining momentum

- + 1H17 equity RFP activity up +24% vs. 2H16
  - + 1Q17 consultant upgrades for Global Concentrated and Global Core Equity leading to more interest and searches
- + YTD Emerging Markets RFPs up +40% vs. 2H16 and +62% vs. 1H16
  - + EM Strategic Core celebrated its 5-yr anniversary with 520 bps of outperformance vs. MSCI EM Index

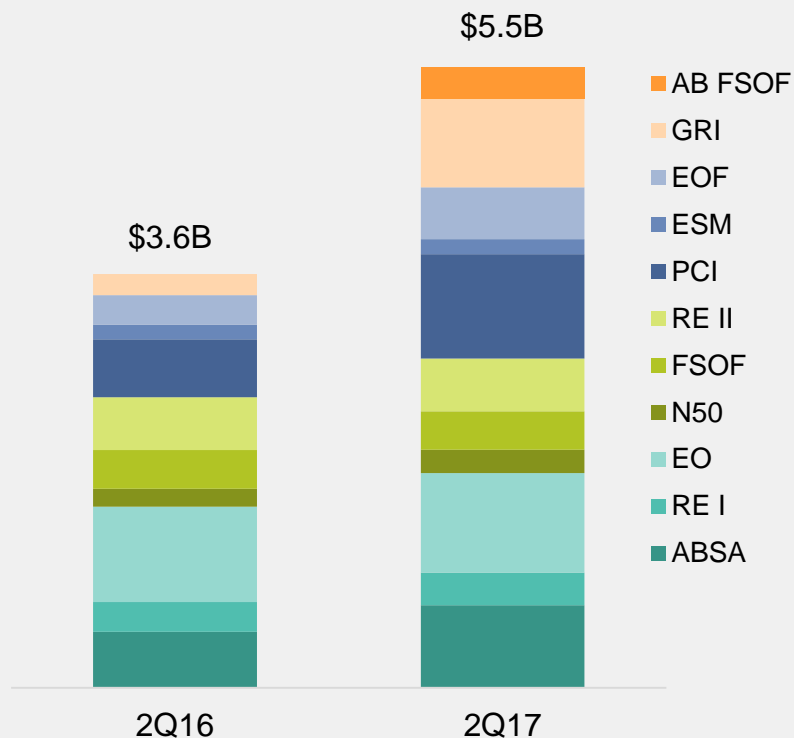
## Pipeline Diverse by Asset Class and Region at Quarter-End



1. Assets awarded and pending funding as of quarter-end

# Private Wealth Management Highlights

## Targeted Services Commitments Up +50% vs. 2Q16 (\$B)



## Year-to-Date 2017 Highlights

### Continued momentum in Targeted Services (TS)

- + New committed TS assets up +143% YTD vs. first half 2016
- + Total TS YTD commitments exceed full year 2016
- + Strong AB Financial Services Opportunities Fund (FSOF) raise in the quarter brings total committed assets in the service to \$600M
- + These up-market strategies are enhancing our solutions approach and becoming a greater contributor to Private Wealth results
  - + Private Wealth YTD gross sales up +5% vs. 2016
  - + \$5.9B total highest 1H since 2008
- + Average new private client relationship size is up +12% vs. 2016
- + Asset retention rates remain near historic highs as clients integrate targeted services into their overall portfolios

### Well-positioned for DOL implementation

- + 45-year history of acting as a fiduciary for our clients positions Bernstein differently
- + Updated documentation and product procedures to ensure best practices – but no significant product or structural changes necessary
- + Hasn't been a distraction for advisors or clients

ABSA – AB Securitized Assets; RE I – Real Estate I; EO – European Opportunities; N50 – Next 50; FSOF – Financial Services Opportunities Fund; RE II – Real Estate II; PCI – Private Credit Investors; ESM – Early Stage Managers; EOF – Energy Opportunities Fund; GRI – Global Research Insights, AB FSOF – AB Financial Services Opportunities Fund.



# Bernstein Research Highlights

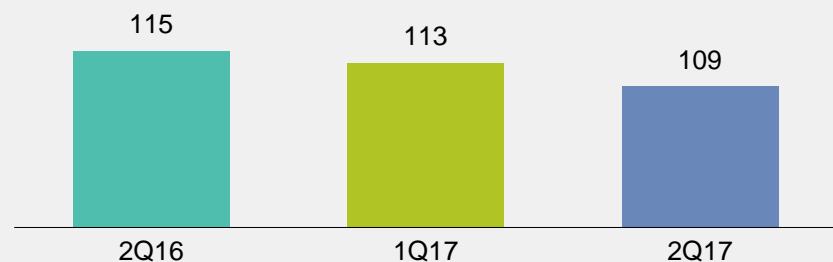
## Bernstein Quarterly Revenues

\$M

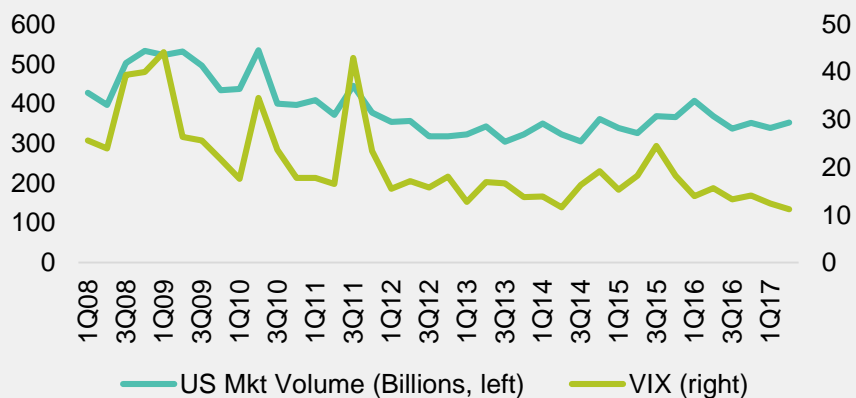
### % Change

2Q17/2Q16: (5)%

2Q17/1Q17: (4)%



## US Market Volumes and VIX at Historically Low Levels



## Progress on Bernstein Research Strategy in 2Q

### Invest to remain the industry's research quality leader

- + Five new analyst launches and 2 new analyst hires in 2Q
  - + New US economist and equity portfolio strategist add to macro offering
- + Strong results in annual independent survey of US PMs and Traders:
  - + Ranked #1 for quality of analyst service and #1 for greatest knowledge of companies and industry, both for 14<sup>th</sup> year in a row
  - + Ranked #1 for providing alpha-generating ideas & insights
  - + Ranked #1 for capability of U.S. sales professionals and intensity of sales coverage
- + Another highly successful Strategic Decisions Conference – 1,350 clients attended and nearly 90 companies presented
- + MiFID II research pricing discussions continue to be encouraging

### Grow our industry-leading agency trading platform

- + Ranked #1 for electronic trading quality and #1 for electronic trading service in annual independent survey, both for 3<sup>rd</sup> year in a row

### Globalize our research and trading capabilities

- + Double digit year-on-year revenue growth in Asia in 2Q
- + European research ranked #1 for providing alpha-generating ideas & insights and #2 for highest quality analyst service in annual independent survey

# Progress on Our Strategy in 2Q17

## Firmwide Initiative

**Deliver for our clients with our investment performance**

## Progress

- + Fixed Income: 92% of assets in outperforming services for 3-yr period
  - + Above prior four-quarter average of 90%
  - + Top decile<sup>(1)</sup>: Mortgage & Muni Income, Global Bond, High Income, Income, Intermediate Diversified Muni
- + Active equity: 85% of assets in outperforming services for 3-yr period
  - + Top decile<sup>(1)</sup>: LC Growth, US Thematic, European Equities, Global & EM Strategic Core, EM Growth

**Build a broader and more balanced global business**

- + Positive trend in Institutional pipeline asset growth and mix
  - + \$4.6B pipeline up \$400M, or 10%, from \$4.2B at end-1Q17; 26% increase in estimated fee base
  - + Equities and alternatives represent eight of top 10 pipeline mandates; includes four in Commercial RE Debt
- + Double digit 2Q Retail gross sales increases in Asia ex Japan and EMEA Y/Y and Q/Q
  - + AB now top offshore fund manager and top Discretionary Investment Manager (DIM) in Taiwan

**Constantly innovate for clients with our products and services**

- + Six new performance fee-based US mutual funds seeded during the quarter
  - + Strong early interest from major distributors in our completely new and client-aligned fund structure
- + Sale of AB's proprietary ALFA fixed income technology to Algomi represents AB's innovative edge
- + AB Financial Services Opportunities Fund raise brings total Targeted Services commitments to \$5.5B

**Achieve greater operating leverage and better financial results**

- + Adjusted revenues up +7% Y/Y in 2Q, well outpacing +4% adjusted expense increase
  - + Adjusted operating income up +20% Y/Y for incremental margin of 60% (46% excluding comp impact)
- + 25% adjusted operating margin up 270 basis points vs. 2Q16
- + Total active net flows of +\$6.6B in 2Q with contributions from all three client channels; +\$8.5B YTD

(1) Source: Morningstar



# John C. Weisenseel

Chief Financial Officer

# Second Quarter 2017 GAAP Income Statement

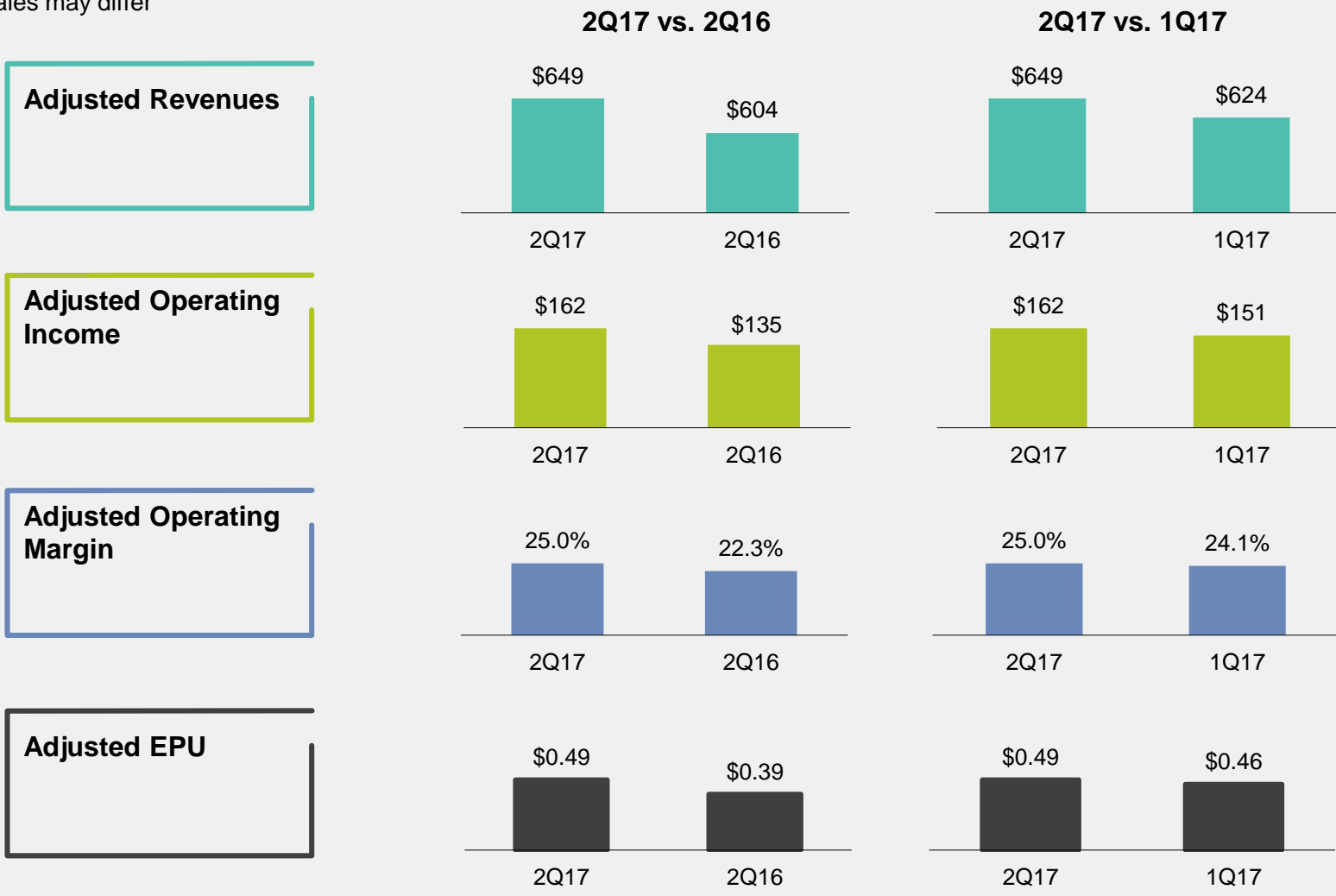
Income Statement (in US \$ Millions)	2Q17	2Q16	% Δ	1Q17	% Δ
Base Fees	\$ 516	\$ 477	8%	\$ 492	5%
Performance Fees	15	1	1400%	6	150%
Bernstein Research Services	109	115	(5%)	113	(4%)
Distribution Revenues	100	97	3%	97	3%
Dividends & Interest	19	10	90%	14	36%
Investment Gains (Losses)	24	2	1100%	25	(4%)
Other Revenues	25	26	(4%)	22	14%
<b>Total Revenues</b>	<b>808</b>	<b>728</b>	<b>11%</b>	<b>769</b>	<b>5%</b>
Less: Interest Expense	6	2	200%	4	50%
<b>Net Revenues</b>	<b>\$ 802</b>	<b>\$ 726</b>	<b>10%</b>	<b>\$ 765</b>	<b>5%</b>
Compensation & Benefits					
Compensation & Fringes	\$ 321	\$ 302	6%	\$ 315	2%
Other Employment Costs	7	7	0%	7	0%
<b>Total Compensation &amp; Benefits</b>	<b>328</b>	<b>309</b>	<b>6%</b>	<b>322</b>	<b>2%</b>
Promotion & Servicing	164	159	3%	154	6%
General & Administrative	138	107	29%	114	21%
Other	9	8	13%	9	0%
<b>Total Operating Expenses</b>	<b>\$ 639</b>	<b>\$ 583</b>	<b>10%</b>	<b>\$ 599</b>	<b>7%</b>
<b>Operating Income</b>	<b>\$ 163</b>	<b>\$ 143</b>	<b>14%</b>	<b>\$ 166</b>	<b>(2%)</b>
<b>Operating Margin</b>	<b>18.1%</b>	<b>19.0%</b>		<b>19.6%</b>	
<b>AB Holding GAAP Diluted Net Income Per Unit</b>	<b>\$ 0.43</b>	<b>\$ 0.40</b>	<b>8%</b>	<b>\$ 0.46</b>	<b>(7%)</b>

Percentages are calculated using amounts rounded in millions.



# Adjusted Financial Highlights: Second Quarter 2017

In US \$ Millions; scales may differ



Please refer to pages 32-35 for additional information on the reconciliation of GAAP financial results to adjusted financial results.



# Second Quarter 2017 Adjusted Income Statement

Adjusted Income Statement (in US \$ Millions)	2Q17	2Q16	% Δ	1Q17	% Δ
Base Fees	\$ 515	\$ 474	9%	\$ 490	5%
Performance Fees	15	1	1400%	6	150%
Bernstein Research Services	109	115	(5%)	113	(4%)
Net Distribution Revenues (Expenses)	(11)	(6)	83%	(9)	22%
Investment Gains (Losses)	(1)	(2)	(50%)	5	n/m
Other Revenues	28	24	17%	23	22%
<b>Total Revenues</b>	<b>655</b>	<b>606</b>	<b>8%</b>	<b>628</b>	<b>4%</b>
Less: Interest Expense	6	2	200%	4	50%
<b>Adjusted Net Revenues</b>	<b>\$ 649</b>	<b>\$ 604</b>	<b>7%</b>	<b>\$ 624</b>	<b>4%</b>
Compensation & Benefits					
Compensation & Fringes	\$ 318	\$ 302	5%	\$ 312	2%
Other Employment Costs	7	7	0%	6	17%
<b>Total Compensation &amp; Benefits</b>	<b>325</b>	<b>309</b>	<b>5%</b>	<b>318</b>	<b>2%</b>
Promotion & Servicing	45	46	(2%)	40	13%
General & Administrative	107	106	1%	106	1%
Other	10	8	25%	9	11%
<b>Total Adjusted Operating Expenses</b>	<b>\$ 487</b>	<b>\$ 469</b>	<b>4%</b>	<b>\$ 473</b>	<b>3%</b>
<b>Adjusted Operating Income</b>	<b>\$ 162</b>	<b>\$ 135</b>	<b>20%</b>	<b>\$ 151</b>	<b>7%</b>
<b>Adjusted Operating Margin</b>	<b>25.0%</b>	<b>22.3%</b>		<b>24.1%</b>	
<b>AB Holding Adjusted Diluted Net Income Per Unit</b>	<b>\$ 0.49</b>	<b>\$ 0.39</b>	<b>26%</b>	<b>\$ 0.46</b>	<b>7%</b>

Please refer to pages 32-35 for additional information on the reconciliation of GAAP financial results to adjusted financial results. Percentages are calculated using amounts rounded in millions.

# Second Quarter 2017 Adjusted Income Statement Highlights

## Revenues

- + The increase in Base Fees versus both prior periods was driven by higher average AUM across all three distribution channels, in addition to a higher fee rate realization on the overall portfolio resulting from a more favorable product mix.
- + Performance Fees were up versus 2Q16 due primarily to higher fees earned on our Select Absolute Alpha Fund. The sequential increase was a result of our Select Absolute Alpha Fund calculation period ending in 2Q.
- + Declining client activity in the US and Europe drove the Y/Y and sequential declines in Bernstein Research Services revenues. A stronger US Dollar also contributed to the Y/Y decline in Europe. Increased client activity in Asia partially offset both the Y/Y and sequential declines.
- + Net Distribution Expenses increased versus both prior periods as the increase in distribution related payments outpaced the increase in distribution revenues and a decline in amortization of deferred sales commission. Increased retail fund sales in Asia resulting in higher promotion payments, new placement fees for the real estate debt product and the onshore Taiwan fund launch contributed to the higher 2Q17 Net Distribution Expense.
- + Investment losses in the current quarter were attributed primarily to the Broker Dealer as seed investments were flat. Investment losses in 2Q16 and gains in 1Q17 were attributed mainly to seed investments.
- + An increase in Dividend & Interest Revenue related to Broker Dealer investments and the distribution of capital gains for a fund in the seed portfolio contributed to the gains in Other Revenues versus both prior periods.

## Expenses

- + The compensation ratio was 49.0% in 2Q17, compared to 50.0% in both 2Q16 and 1Q17.
- + Total Compensation & Benefits increased 5% versus 2Q16 driven by higher Severance charges. The 2% sequential increase was due predominantly to increased Severance, partially offset by lower Incentive Comp accruals, Fringes and Commissions.
- + Promotion & Servicing expenses decreased 2% versus the prior year quarter due primarily to lower T&E expenses. The 13% sequential increase was due mainly to higher seasonal marketing spend for client meetings and conferences.
- + G&A expenses increased 1% versus both prior periods due primarily to higher technology consulting expenses.
- + The increase in Other expenses was driven by higher Interest related funding expenses in the current quarter.

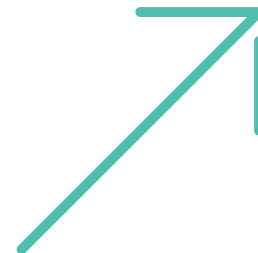
## Operating Results

- + Adjusted Operating Income increased 20% versus the prior year and 7% sequentially due to the growth in revenue outpacing expense growth.
- + The Adjusted Margin was 25.0% in 2Q17, as compared to 22.3% in 2Q16 and 24.1% in 1Q17.

Please refer to pages 32-35 for additional information on the reconciliation of GAAP financial results to adjusted financial results. Percentages are calculated using amounts rounded in millions.



## Q & A



# APPENDIX

# Institutional Composite Relative Performance vs. Benchmarks

Service	Periods Ended June 30, 2017					Benchmark
	2Q17	1-Yr	3-Yr	5-Yr	10-Yr	
<b>Equity</b>						
Emerging Markets Value	(2.4)	2.0	0.3	(0.1)	(1.1)	MSCI EM
Global Strategic Value	0.2	4.4	0.4	3.4	(3.3)	MSCI ACWI
US Small & Mid Cap Value	(0.4)	3.0	1.1	2.2	1.8	Russell 2500 Value
US Strategic Value	(0.5)	(0.7)	(3.3)	(0.7)	(2.7)	Russell 1000 Value
US Small Cap Growth	2.0	5.3	(0.7)	(0.2)	1.9	Russell 2000 Growth
US Large Cap Growth	2.0	3.2	3.2	3.0	0.6	Russell 1000 Growth
US Small and Mid Cap Growth	1.5	3.7	(0.4)	(0.8)	1.9	Russell 2500 Growth
Concentrated US Growth	2.9	10.5	1.7	2.0	2.9	S&P 500
Select US Equity	1.2	(0.2)	0.1	0.1	3.1	S&P 500
Global Core Equity	1.9	4.4	1.8	2.5	N/A	MSCI ACWI
<b>Fixed Income</b>						
Global High Income	(0.2)	1.3	(0.2)	0.0	0.1	Bloomberg Barclays Global High Yield - Hedged
Global Fixed Income	(0.0)	(0.9)	(0.4)	(0.1)	0.4	JPM Government Bond Global - Hedged
US Strategic Core Plus	0.4	1.8	1.0	1.2	0.9	Bloomberg Barclays US Aggregate
Emerging Market Debt	0.4	3.5	0.2	0.5	0.9	JPM EMBI Global
Global Plus	0.3	2.1	0.8	0.8	1.1	Bloomberg Barclays Global Aggregate - Hedged

Performance is preliminary and as of June 30, 2017. Investment performance of composites is presented before investment management fees. Periods of more than one year are annualized. The information in this table is provided solely for use in connection with this presentation and is not directed toward existing or potential investment advisory clients of AB. Global High Income, Global Fixed Income and Global Plus are hedged to USD.

# Retail Mutual Funds Relative Performance vs. Morningstar Average

Service	Periods Ended June 30, 2017					Morningstar Average
	2Q17	1-Yr	3-Yr	5-Yr	10-Yr	
<b>Equity</b>						
International Value	0.0	2.6	2.1	1.6	(2.6)	Foreign Large Value
Relative Value	0.7	0.0	1.5	1.0	0.7	Large Value
Discovery Value	(1.4)	3.0	0.5	1.3	1.4	Mid-Cap Value
US Value	(1.0)	(2.5)	(3.0)	(0.8)	(2.8)	Large Value
Sustainable Global Thematic	2.7	5.7	3.2	2.2	1.1	World Stock
International Growth	1.1	(1.0)	(1.1)	(1.5)	(1.5)	Foreign Large Growth
Large Cap Growth <sup>(1)</sup>	1.3	2.3	4.5	3.9	3.4	Large Growth
Emerging Markets Growth	2.5	2.6	2.9	3.6	0.4	Global Emerging Markets Equity
Growth <sup>(1)</sup>	2.0	2.2	3.7	1.9	0.4	Large Growth
Discovery Growth	0.8	5.6	(0.3)	0.0	1.7	Mid-Cap Growth
<b>Fixed Income</b>						
Global High Yield	(0.7)	1.1	1.7	1.0	1.5	Global High Yield Bond
American Income Portfolio	0.5	(1.0)	1.6	0.8	1.8	USD Flexible Bond
Global Bond	(0.7)	0.1	3.4	1.9	1.2	World Bond
High Income	0.1	1.6	1.7	1.7	2.7	High Yield Bond

(1) Performance figures other than 2Q17, One Year and Three Year positively affected by class action settlement proceeds.

As of June 30, 2017. Fund returns are based on Advisor Class shares. Where Advisor Class doesn't exist, Class I is used. All fees and expenses related to the operation of the Fund have been deducted, but returns do not reflect sales charges. The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AB.

# Assets Under Management: 2Q17

(US \$ Billions)

	At June 30, 2017				At March 31, 2017
	Institutions	Retail	Private Wealth	Total	Total
<b>Equity</b>					
Actively Managed	\$ 30	\$ 50	\$ 45	\$ 125	\$ 119
Passive <sup>(1)</sup>	20	30	-	50	49
<b>Total Equity</b>	<u>50</u>	<u>80</u>	<u>45</u>	<u>175</u>	<u>168</u>
<b>Fixed Income</b>					
Taxable	157	69	11	237	228
Tax-Exempt	2	15	22	39	38
Passive <sup>(1)</sup>	0	9	1	10	11
<b>Total Fixed Income</b>	<u>159</u>	<u>93</u>	<u>34</u>	<u>286</u>	<u>277</u>
<b>Other<sup>(2)</sup></b>	<u>44</u>	<u>4</u>	<u>8</u>	<u>56</u>	<u>53</u>
<b>Total</b>	<u>\$ 253</u>	<u>\$ 177</u>	<u>\$ 87</u>	<u>\$ 517</u>	<u>\$ 498</u>
<b>At March 31, 2017</b>					
<b>Total</b>	<u>\$ 245</u>	<u>\$ 169</u>	<u>\$ 84</u>	<u>\$ 498</u>	

(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.

# Three Months Ended 6/30/17: AUM Roll-Forward by Distribution Channel

In US \$ Billions	Beginning	Sales/New	Redemptions/	Net Cash	Net	Investment	Net	End
Investment Service:	of Period	Accounts	Terminations	Flows	Flows	Performance	Change	of Period
Institutions								
US	130.0	0.9	(2.1)	0.4	(0.8)	2.9	2.1	132.1
Global and Non-US	114.9	3.1	(0.8)	(0.3)	2.0	3.9	5.9	120.8
<b>Total Institutions</b>	<b>244.9</b>	<b>4.0</b>	<b>(2.9)</b>	<b>0.1</b>	<b>1.2</b>	<b>6.8</b>	<b>8.0</b>	<b>252.9</b>
Retail								
US	83.7	3.4	(3.3)	(0.9)	(0.8)	2.4	1.6	85.3
Global and Non-US	85.2	10.1	(5.6)	(0.5)	4.0	2.8	6.8	92.0
<b>Total Retail</b>	<b>168.9</b>	<b>13.5</b>	<b>(8.9)</b>	<b>(1.4)</b>	<b>3.2</b>	<b>5.2</b>	<b>8.4</b>	<b>177.3</b>
Private Wealth Management								
US	56.6	2.1	(1.9)	-	0.2	1.0	1.2	57.8
Global and Non-US	27.5	0.8	(0.7)	-	0.1	1.0	1.1	28.6
<b>Total Private Wealth</b>	<b>84.1</b>	<b>2.9</b>	<b>(2.6)</b>	<b>-</b>	<b>0.3</b>	<b>2.0</b>	<b>2.3</b>	<b>86.4</b>
Firmwide								
US	270.3	6.4	(7.3)	(0.5)	(1.4)	6.3	4.9	275.2
Global and Non-US	227.6	14.0	(7.1)	(0.8)	6.1	7.7	13.8	241.4
<b>Total Firmwide</b>	<b>497.9</b>	<b>20.4</b>	<b>(14.4)</b>	<b>(1.3)</b>	<b>4.7</b>	<b>14.0</b>	<b>18.7</b>	<b>516.6</b>



# Three Months Ended 6/30/17: AUM Roll-Forward by Investment Service

In US \$ Billions Investment Service:	Beginning of Period	Sales/New Accounts	Redemptions/ Terminations	Net Cash Flows	Net Flows	Investment Performance	Net Change	End of Period
Equity Active								
US	66.9	2.6	(2.8)	(0.5)	(0.7)	2.4	1.7	68.6
Global and Non-US	51.9	2.6	(1.5)	0.2	1.3	2.7	4.0	55.9
<b>Total Equity Active</b>	<b>118.8</b>	<b>5.2</b>	<b>(4.3)</b>	<b>(0.3)</b>	<b>0.6</b>	<b>5.1</b>	<b>5.7</b>	<b>124.5</b>
Equity Passive <sup>(1)</sup>								
US	38.5	-	-	(0.4)	(0.4)	1.1	0.7	39.2
Global and Non-US	10.4	0.1	(0.2)	-	(0.1)	0.6	0.5	10.9
<b>Total Equity Passive<sup>(1)</sup></b>	<b>48.9</b>	<b>0.1</b>	<b>(0.2)</b>	<b>(0.4)</b>	<b>(0.5)</b>	<b>1.7</b>	<b>1.2</b>	<b>50.1</b>
<b>Total Equity</b>	<b>167.7</b>	<b>5.3</b>	<b>(4.5)</b>	<b>(0.7)</b>	<b>0.1</b>	<b>6.8</b>	<b>6.9</b>	<b>174.6</b>
Fixed Income - Taxable								
US	111.0	1.0	(1.6)	0.5	(0.1)	1.8	1.7	112.7
Global and Non-US	117.1	9.6	(4.8)	(1.1)	3.7	3.1	6.8	123.9
<b>Total Fixed Income - Taxable</b>	<b>228.1</b>	<b>10.6</b>	<b>(6.4)</b>	<b>(0.6)</b>	<b>3.6</b>	<b>4.9</b>	<b>8.5</b>	<b>236.6</b>
Fixed Income - Tax-Exempt								
US	37.8	2.1	(1.3)	-	0.8	0.6	1.4	39.2
Global and Non-US	-	-	-	-	-	-	-	-
<b>Total Fixed Income - Tax-Exempt</b>	<b>37.8</b>	<b>2.1</b>	<b>(1.3)</b>	<b>-</b>	<b>0.8</b>	<b>0.6</b>	<b>1.4</b>	<b>39.2</b>
Fixed Income Passive <sup>(1)</sup>								
US	6.4	-	(1.3)	-	(1.3)	0.1	(1.2)	5.2
Global and Non-US	4.7	-	(0.1)	-	(0.1)	0.1	-	4.7
<b>Total Fixed Income Passive<sup>(1)</sup></b>	<b>11.1</b>	<b>-</b>	<b>(1.4)</b>	<b>-</b>	<b>(1.4)</b>	<b>0.2</b>	<b>(1.2)</b>	<b>9.9</b>
<b>Total Fixed Income</b>	<b>277.0</b>	<b>12.7</b>	<b>(9.1)</b>	<b>(0.6)</b>	<b>3.0</b>	<b>5.7</b>	<b>8.7</b>	<b>285.7</b>
Other <sup>(2)</sup>								
US	9.7	0.7	(0.3)	(0.1)	0.3	0.3	0.6	10.3
Global and Non-US	43.5	1.7	(0.5)	0.1	1.3	1.2	2.5	46.0
<b>Total Other<sup>(2)</sup></b>	<b>53.2</b>	<b>2.4</b>	<b>(0.8)</b>	<b>-</b>	<b>1.6</b>	<b>1.5</b>	<b>3.1</b>	<b>56.3</b>
Firmwide								
US	270.3	6.4	(7.3)	(0.5)	(1.4)	6.3	4.9	275.2
Global and Non-US	227.6	14.0	(7.1)	(0.8)	6.1	7.7	13.8	241.4
<b>Total Firmwide</b>	<b>497.9</b>	<b>20.4</b>	<b>(14.4)</b>	<b>(1.3)</b>	<b>4.7</b>	<b>14.0</b>	<b>18.7</b>	<b>516.6</b>

(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.



## Three Months Ended 6/30/17: Active vs. Passive Net Flows

	<b>Actively Managed</b>	<b>Passively Managed<sup>(1)</sup></b>	<b>Total</b>
Equity	\$0.6	(\$0.5)	\$0.1
Fixed Income	4.4	(1.4)	3.0
Other <sup>(2)</sup>	1.6	-	1.6
<b>Total</b>	<b>\$6.6</b>	<b>(\$1.9)</b>	<b>\$4.7</b>

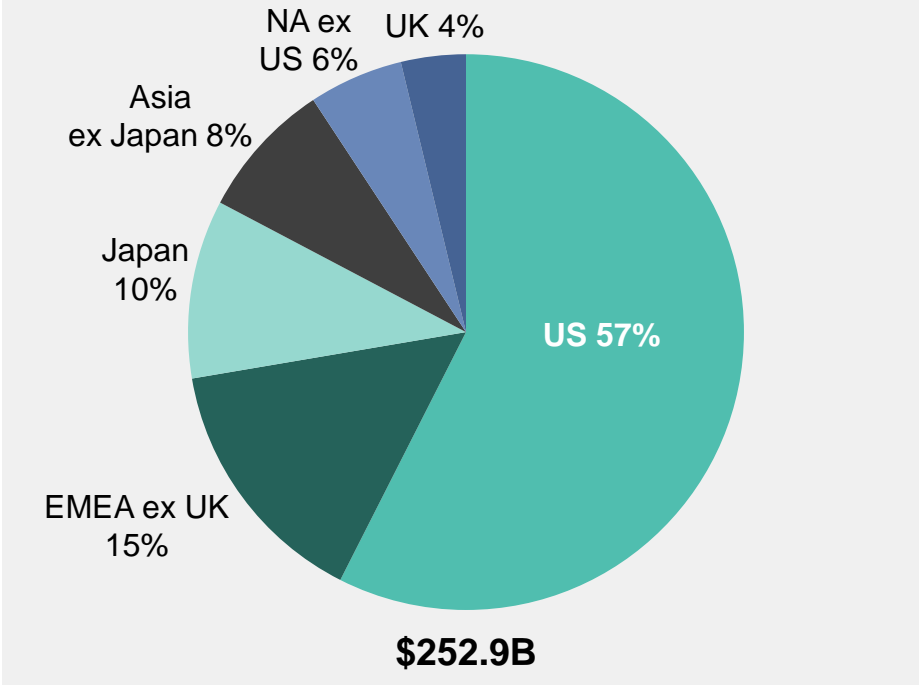
(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.

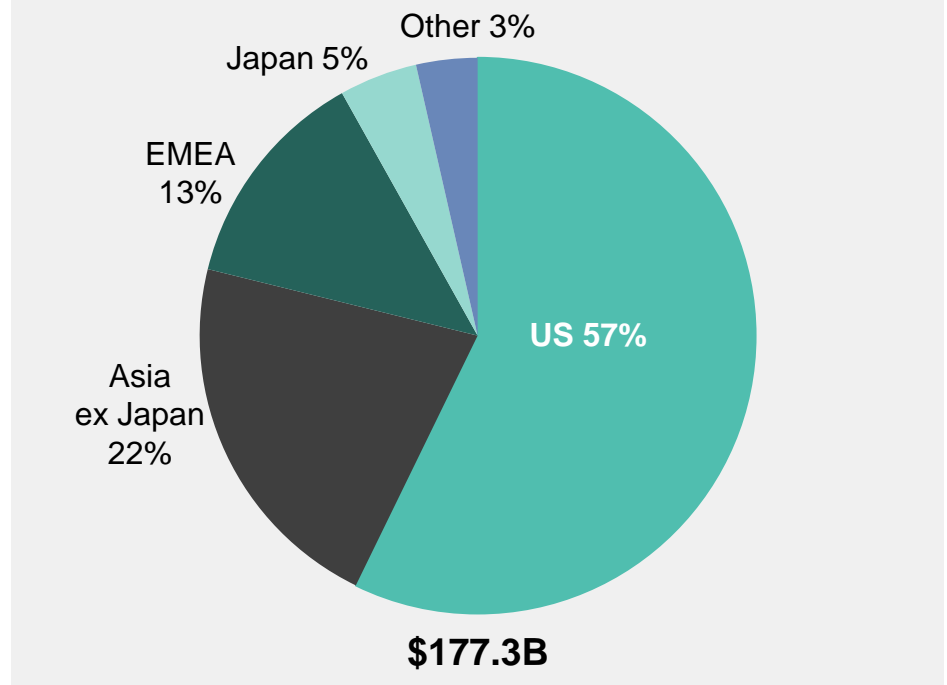


# AUM by Region

## Institutional



## Retail



As of June 30, 2017  
By client domicile



## Second Quarter 2017 Adjusted Advisory Fees

	2Q17	2Q16	% Δ	1Q17	% Δ
Ending AUM (\$ Billions)	\$517	\$490	5%	\$498	4%
Average AUM (\$ Billions)	\$508	\$485	5%	\$491	3%

### By Fee Type (\$ Millions):

Adjusted Base Fees	\$515	\$474	9%	\$490	5%
Adjusted Performance Fees	15	1	1400%	6	150%
<b>Total</b>	<b>\$530</b>	<b>\$475</b>	<b>12%</b>	<b>\$496</b>	<b>7%</b>

### Adjusted Base Fees By Channel (\$ Millions):

Institutions	\$107	\$101	6%	\$102	5%
Retail	223	200	12%	207	8%
Private Wealth	185	173	7%	181	2%
<b>Total</b>	<b>\$515</b>	<b>\$474</b>	<b>9%</b>	<b>\$490</b>	<b>5%</b>

# Second Quarter 2017 GAAP Income Statement

In US \$ Millions (except EPU)	2Q17	2Q16	% Δ	1Q17	% Δ
Net Revenues	\$ 802	\$ 726	10%	\$ 765	5%
Operating Expenses	639	583	10%	599	7%
Operating Income	163	143	14%	166	(2%)
Net Income Attributable to AB Unitholders	135	125	8%	140	(4%)
<b>AB Holding GAAP Diluted Net Income per Unit</b>	<b>\$0.43</b>	<b>\$0.40</b>	<b>8%</b>	<b>\$0.46</b>	<b>(7%)</b>
<b>AB Holding Distribution Per Unit</b>	<b>\$0.49</b>	<b>\$0.40</b>	<b>23%</b>	<b>\$0.46</b>	<b>7%</b>

Percentages are calculated using amounts rounded to the nearest million.



# Consolidated Balance Sheet

In US \$ Millions

<b>Assets</b>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Cash and cash equivalents	\$ 598	\$ 657
Cash and securities, segregated	1,078	946
Receivables, net	2,230	2,120
Investments:		
Long-term incentive compensation-related	62	68
Other	417	373
Assets of consolidated company-sponsored investment funds	1,031	956
Goodwill	3,067	3,067
Intangible assets, net	121	135
Deferred sales commissions, net	45	64
Other (incl. furniture & equipment, net)	419	354
<b>Total Assets</b>	<b>\$ 9,068</b>	<b>\$ 8,740</b>
<b>Liabilities and Capital</b>		
Liabilities:		
Payables	\$ 2,919	\$ 2,792
Accounts payable and accrued expenses	490	430
Liabilities of consolidated company-sponsored investment funds	426	293
Accrued compensation and benefits	454	251
Debt	512	513
<b>Total Liabilities</b>	<b>4,801</b>	<b>4,279</b>
Redeemable non-controlling interest	344	393
Partners' capital attributable to AllianceBernstein Unitholders	3,886	4,032
Non-controlling interests in consolidated entities	37	36
<b>Total Capital</b>	<b>3,923</b>	<b>4,068</b>
<b>Total Liabilities and Capital</b>	<b>\$ 9,068</b>	<b>\$ 8,740</b>

# Consolidated Statement of Cash Flows

In US \$ Millions

	Six Months Ended	
	June 30, 2017	June 30, 2016
Net Income	\$ 309	\$ 290
Non-cash items:		
Amortization of deferred sales commissions	17	22
Non-cash long-term incentive compensation expense	21	4
Depreciation and other amortization	33	30
Unrealized (gains) on investments	3	(18)
Unrealized (gains) losses of consolidated company-sponsored investment funds	(19)	3
Other, net	6	9
Changes in assets and liabilities	78	175
<b>Net cash provided by operating activities</b>	<b>448</b>	<b>515</b>
Purchases of furniture, equipment, and leasehold improvements, net	(14)	(20)
<b>Net cash used in investing activities</b>	<b>(14)</b>	<b>(20)</b>
(Repayment) of commercial paper, net	(34)	(46)
Proceeds from bank loans	30	50
Increase in overdrafts payable	69	48
Distributions to General Partner and Unitholders	(339)	(276)
Capital contributions (to) non-controlling interests of consolidated company-sponsored investment funds	(8)	-
Redemptions of non-controlling interests of consolidated company-sponsored investment funds, net	(73)	(46)
Additional investments by Holding with proceeds from exercise of compensatory options to buy Holding Units	9	2
Purchases of AB Holding Units to fund long-term incentive compensation plan awards, net	(127)	(84)
Other, net	(4)	-
<b>Net cash used in financing activities</b>	<b>(477)</b>	<b>(352)</b>
Effect of exchange rate changes on cash and cash equivalents	11	6
Net (decrease) increase in cash and cash equivalents	(32)	149
Cash and cash equivalents at the beginning of period	995	577
<b>Cash and cash equivalents at the end of period</b>	<b>\$ 963</b>	<b>\$ 726</b>

# AB Holding Financial Results

In US \$ Millions (excluding per Unit amounts)	2Q17	2Q16	% Δ	1Q17	% Δ
<b>AB</b>					
Net Income Attributable to AllianceBernstein	\$135	\$125	8%	\$140	(4%)
Weighted Average Equity Ownership Interest	35.5%	35.9%		35.5%	
<b>AB Holding</b>					
Equity in Net Income Attributable to AB	\$48	\$45	7%	\$50	(4%)
Income Taxes	6	6	0%	6	0%
<b>Net Income</b>	<b>\$42</b>	<b>\$39</b>	<b>8%</b>	<b>\$44</b>	<b>(5%)</b>
<b>Diluted Net Income Per Unit, GAAP basis</b>	<b>\$0.43</b>	<b>\$0.40</b>	<b>8%</b>	<b>\$0.46</b>	<b>(7%)</b>
<b>Distributions Per Unit</b>	<b>\$0.49</b>	<b>\$0.40</b>	<b>23%</b>	<b>\$0.46</b>	<b>7%</b>
<b>Adjusted Diluted Net Income Per Unit</b>	<b>\$0.49</b>	<b>\$0.39</b>	<b>26%</b>	<b>\$0.46</b>	<b>7%</b>

Please refer to pages 32-35 for additional information on the reconciliation of GAAP financial results to adjusted financial results. Percentages are calculated using amounts rounded in millions.



# Second Quarter 2017 GAAP to Non-GAAP Reconciliation

## Second Quarter 2017 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

GAAP	Adjustments									Non-GAAP
	Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	Consol Funds (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition-Related Expenses (G)	Other (H)	Income Taxes (I)	
Investment advisory and services fees	\$ 531,163	(1,451)		123						\$ 529,835
Bernstein research services	109,470									109,470
Distribution revenues	100,149	(111,063)		44						(10,870)
Dividend and interest income	19,348		(150)	(6,470)						12,728
Investment gains (losses)	24,113		(1,926)	(18,622)				(4,231)		(666)
Other revenues	24,265	(8,250)		(776)						15,239
Total revenues	808,508	(111,063)	(2,076)	(25,701)	-	-	-	(4,231)	-	655,736
Less: interest expense	6,195									6,195
<b>Net revenues</b>	<b>802,313</b>	<b>(111,063)</b>	<b>(2,076)</b>	<b>(25,701)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,231)</b>	<b>-</b>	<b>649,541</b>
Employee compensation and benefits	327,862		(2,493)							325,369
Promotion and servicing	164,298	(111,063)	(8,108)							45,127
General and administrative	138,209		(1,593)	(8,587)	(20,747)		(25)			107,257
Contingent payment arrangements	178									178
Interest on borrowings	2,254									2,254
Amortization of intangible assets	6,975									6,975
Net income (loss) of consolidated entities attributable to non-controlling interests								55	-	55
<b>Total expenses</b>	<b>639,776</b>	<b>(111,063)</b>	<b>(9,701)</b>	<b>(2,493)</b>	<b>(8,587)</b>	<b>(20,747)</b>	<b>-</b>	<b>(25)</b>	<b>55</b>	<b>487,215</b>
<b>Operating income</b>	<b>162,537</b>	<b>-</b>	<b>-</b>	<b>417</b>	<b>(17,114)</b>	<b>20,747</b>	<b>-</b>	<b>25</b>	<b>(4,286)</b>	<b>-</b>
Income taxes	10,265			26		1,317		2	(269)	11,342
Net income	152,272			391	(17,114)	19,430		23	(4,017)	150,984
Net income (loss) of consolidated entities attributable to non-controlling interests	17,169				(17,114)			(55)		-
<b>Net income attributable to AB Unitholders</b>	<b>\$ 135,103</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 391</b>	<b>\$ -</b>	<b>\$ 19,430</b>	<b>\$ -</b>	<b>\$ 23</b>	<b>\$ (3,962)</b>	<b>\$ -</b>

Please refer to page 35 for notes describing the adjustments.

# First Quarter 2017 GAAP to Non-GAAP Reconciliation

## First Quarter 2017 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

GAAP	Adjustments									Non-GAAP
	Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	Consol Funds (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition-Related Expenses (G)	Other (H)	Income Taxes (I)	
Investment advisory and services fees	\$ 498,290	(1,892)		(377)						\$ 496,021
Bernstein research services	112,741									112,741
Distribution revenues	96,554	(105,446)		69						(8,823)
Dividend and interest income	14,056		(158)	(4,660)						9,238
Investment gains (losses)	25,201		(2,979)	(16,934)						5,288
Other revenues	22,365	(8,515)		(253)						13,597
Total revenues	769,207	(105,446)	(10,407)	(3,137)	(22,155)	-	-	-	-	628,062
Less: interest expense	4,290									4,290
<b>Net revenues</b>	<b>764,917</b>	<b>(105,446)</b>	<b>(10,407)</b>	<b>(3,137)</b>	<b>(22,155)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>623,772</b>
Employee compensation and benefits	321,748		(3,205)				(514)			318,029
Promotion and servicing	153,660	(105,446)	(8,373)							39,841
General and administrative	114,219		(2,034)	(5,984)	2		(10)			106,193
Contingent payment arrangements	177									177
Interest on borrowings	1,868									1,868
Amortization of intangible assets	6,933									6,933
Net income (loss) of consolidated entities attributable to non-controlling interests								147	-	147
<b>Total expenses</b>	<b>598,605</b>	<b>(105,446)</b>	<b>(10,407)</b>	<b>(3,205)</b>	<b>(5,984)</b>	<b>2</b>	<b>-</b>	<b>(524)</b>	<b>147</b>	<b>473,188</b>
<b>Operating income</b>	<b>166,312</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>(16,171)</b>	<b>(2)</b>	<b>-</b>	<b>524</b>	<b>(147)</b>	<b>150,584</b>
Income taxes	10,057			4				32	-	10,093
Net income	156,255			64	(16,171)	(2)		492	(147)	140,491
Net income (loss) of consolidated entities attributable to non-controlling interests	16,318				(16,171)				(147)	-
<b>Net income attributable to AB Unitholders</b>	<b>\$ 139,937</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 64</b>	<b>\$ -</b>	<b>\$ (2)</b>	<b>\$ -</b>	<b>\$ 492</b>	<b>\$ -</b>	<b>\$ 140,491</b>

Please refer to page 35 for notes describing the adjustments.



# Second Quarter 2016 GAAP to Non-GAAP Reconciliation

## Second Quarter 2016 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

GAAP	Adjustments								Non-GAAP	
	Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	Consol Funds (D)	Real Estate Charges (E)	Contingent Payment Adjust. (F)	Acquisition-Related Expenses (G)	Other (H)		
Investment advisory and services fees	\$ 477,050		(2,443)		64					\$ 474,671
Bernstein research services	115,053									115,053
Distribution revenues	97,321	(103,794)			34					(6,439)
Dividend and interest income	10,147			(142)	(2,450)					7,555
Investment gains (losses)	2,276			(792)	(3,089)					(1,605)
Other revenues	25,833		(9,265)		(30)					16,538
Total revenues	727,680	(103,794)	(11,708)	(934)	(5,471)	-	-	-	-	605,773
Less: interest expense	1,874									1,874
<b>Net revenues</b>	<b>725,806</b>	<b>(103,794)</b>	<b>(11,708)</b>	<b>(934)</b>	<b>(5,471)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>603,899</b>
Employee compensation and benefits	309,249			(580)						308,669
Promotion and servicing	159,151	(103,794)	(9,120)							46,237
General and administrative	106,956		(2,588)		(729)	2,801		(239)		106,201
Contingent payment arrangements	353									353
Interest on borrowings	1,052									1,052
Amortization of intangible assets	6,470									6,470
Net income (loss) of consolidated entities attributable to non-controlling interests	-								101	101
<b>Total expenses</b>	<b>583,231</b>	<b>(103,794)</b>	<b>(11,708)</b>	<b>(580)</b>	<b>(729)</b>	<b>2,801</b>	<b>-</b>	<b>(239)</b>	<b>101</b>	<b>469,083</b>
<b>Operating income</b>	<b>142,575</b>	<b>-</b>	<b>-</b>	<b>(354)</b>	<b>(4,742)</b>	<b>(2,801)</b>	<b>-</b>	<b>239</b>	<b>(101)</b>	<b>134,816</b>
Income taxes	13,231			(33)		(260)		22		12,960
Net income	129,344			(321)	(4,742)	(2,541)		217	(101)	121,856
Net income (loss) of consolidated entities attributable to non-controlling interests	4,843				(4,742)				(101)	-
<b>Net income attributable to AB Unitholders <sup>(1)</sup></b>	<b>\$ 124,501</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (321)</b>	<b>\$ -</b>	<b>\$ (2,541)</b>	<b>\$ -</b>	<b>\$ 217</b>	<b>\$ -</b>	<b>\$ 121,856</b>

Please refer to page 35 for notes describing the adjustments.



# AB Adjusted Financial Results Reconciliation

## Notes to Consolidated Statements of Income and Supplemental Information (Unaudited)

- A. We offset distribution-related payments to third parties as well as amortization of deferred sales commissions against distribution revenues. Such presentation appropriately reflects the nature of these costs as pass-through payments to third parties who perform functions on behalf of our sponsored mutual funds and/or shareholders of these funds. Amortization of deferred sales commissions is offset against net revenues because such costs, over time, essentially offset distribution revenues earned by the company. We exclude pass-through expenses we incur (primarily through our transfer agency) that are reimbursed and recorded as fees in revenues from our adjusted net revenues. These fees have no impact on operating income, but they do have an impact on our operating margin.
- B. We exclude additional pass-through expenses we incur (primarily through our transfer agency) that are reimbursed and recorded as fees in revenues. These fees have no impact on operating income, but they do have an impact on our operating margin. As such, we exclude these fees from adjusted net revenues.
- C. We exclude the impact on net revenues and compensation expense of the mark-to-market gains and losses (as well as the dividends and interest) associated with employee long-term incentive compensation-related investments.
- D. We adjust for the impact of consolidating certain company-sponsored investment funds by eliminating the consolidated company-sponsored investment funds revenues and expenses and including AB's revenues and expenses that were eliminated in consolidation.
- E. Real estate credits and charges are excluded since they are not considered part of our core ongoing operations. Acquisition-related expenses incurred as a result of acquisitions have been excluded because they are not considered part of our core operating results when comparing results from period to period and to industry peers.
- F. The recording of a change in estimate of the contingent consideration payable relating to the acquisition of Sun America's alternative investment group and CPH Capital is not considered part of our core operating results.
- G. Acquisition-related expenses have been excluded because they are not considered part of our core operating results when comparing financial results from period to period and to industry peers.
- H. Other consists of a realized gain on the exchange of software technology for an ownership stake in a third party provider of financial market data and trading tools and is excluded due to its non-recurring nature and is not considered part of our core operating results. The net income of joint ventures attributable to non-controlling interests is excluded because it does not reflect the economic interest attributable to AB.

### Adjusted Operating Margin

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

$$\left[ \begin{array}{c} A \\ \hline B \end{array} \right]$$