



ALLIANCEBERNSTEIN®

February 13, 2019

FOURTH QUARTER 2018 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, 2018. Any or all of the forward-looking statements made in this presentation, Form 10-K, 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.
- + **AB’s adjusted operating margin target:** We previously adopted a goal of increasing our adjusted operating margin to a target of 30% by 2020 (the “2020 Margin Target”), subject to the assumptions, factors and contingencies described as part of the initial disclosure of this target. Our adjusted operating margin for 2018 was 29.1%. Significant declines in the equity and certain fixed income markets during the fourth quarter of 2018, most notably in December 2018, reduced our AUM by \$34.0 billion, or 6.2%, during the fourth quarter to \$516.4 billion from \$550.4 billion at the end of the third quarter of 2018. Given the impact we expect this lower AUM will have on our ability to generate the level of investment advisory fee revenues we initially forecast when establishing the 2020 Margin Target, presently we do not believe that achieving the 2020 Margin Target is likely. However, we are taking additional actions to better align our expenses with these lower AUM and expected revenues. We remain committed to achieving an adjusted operating margin of 30% in years subsequent to 2020 and will take continued actions in this regard, subject to prevailing market conditions and the evolution of our business mix.

Seth P. Bernstein

President & Chief Executive Officer

Firmwide Overview: Fourth Quarter and Full Year 2018

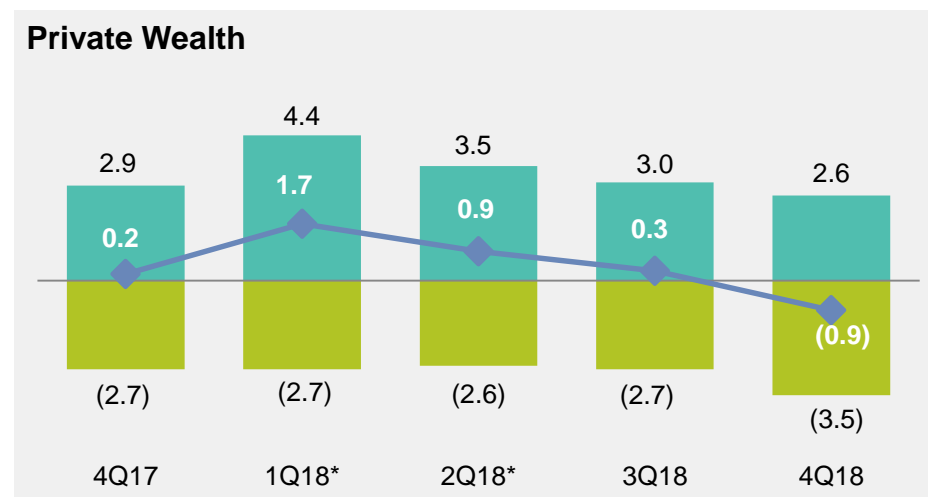
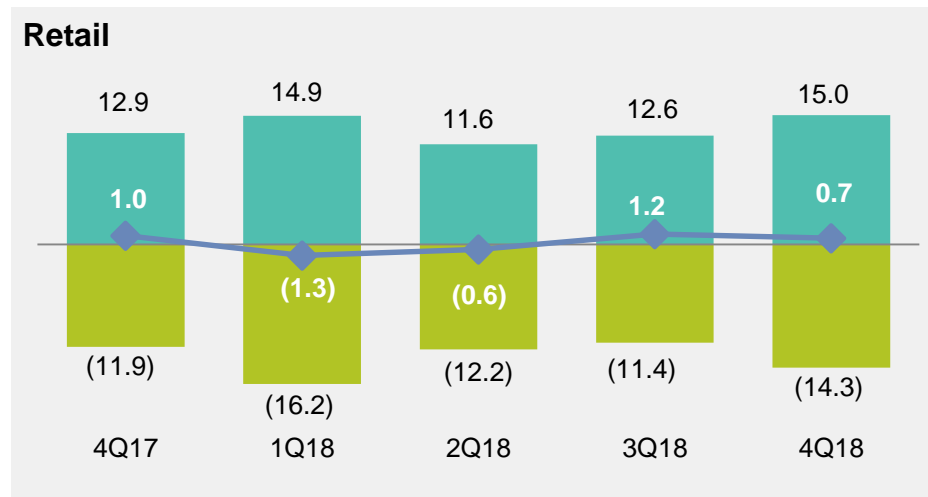
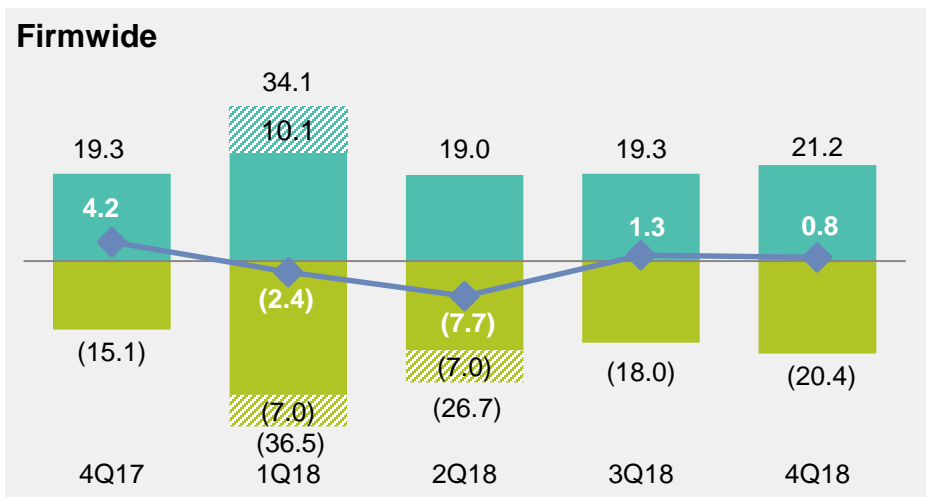


US \$ Billions; scales differ by chart

(1) 4Q18: \$1.2B active net outflows and \$2.0B passive net inflows. 4Q17 \$5.5B active net inflows and \$1.3B passive net outflows; 2018: \$7.9B active net outflows and \$0.2B passive net outflows; 2017: \$19.1B active net inflows and \$5.9B passive net outflows.



Asset Flows by Distribution Channel: Quarterly Trend



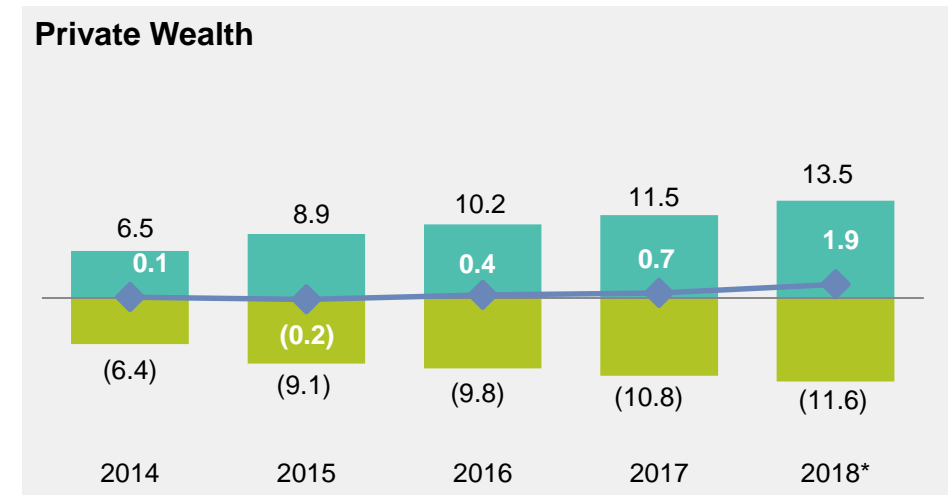
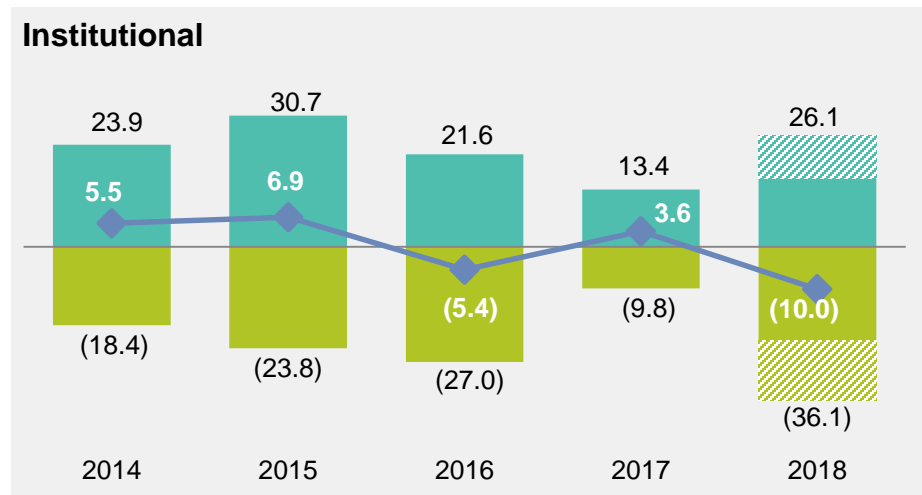
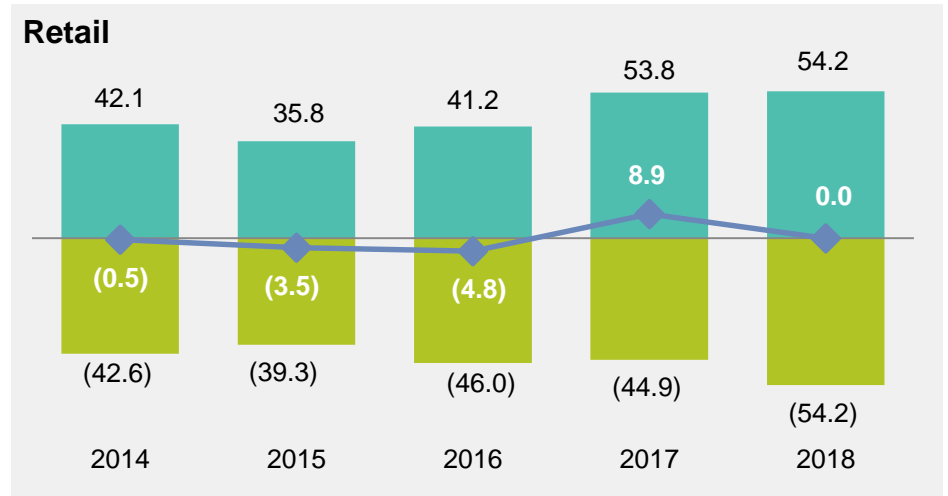
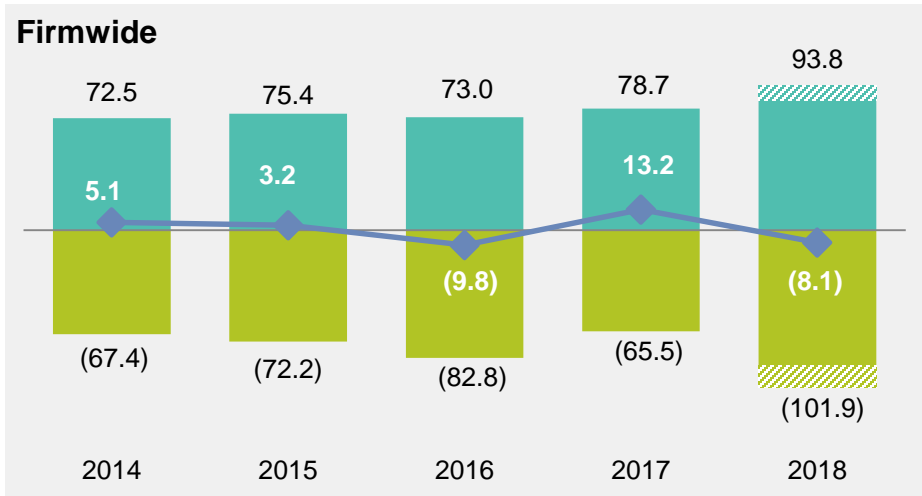
■ Gross Sales ■ CRS Sales ■ Gross Redemptions ■ CRS Redemptions ◆ Net Flows

US \$ Billions; scales differ by chart

*Private Wealth net inflows include Option Advantage overlay strategy inflows of \$1.3B in 1Q18 and \$0.5B in 2Q18.



Asset Flows by Distribution Channel: Annual Trend



US \$ Billions; scales differ by chart

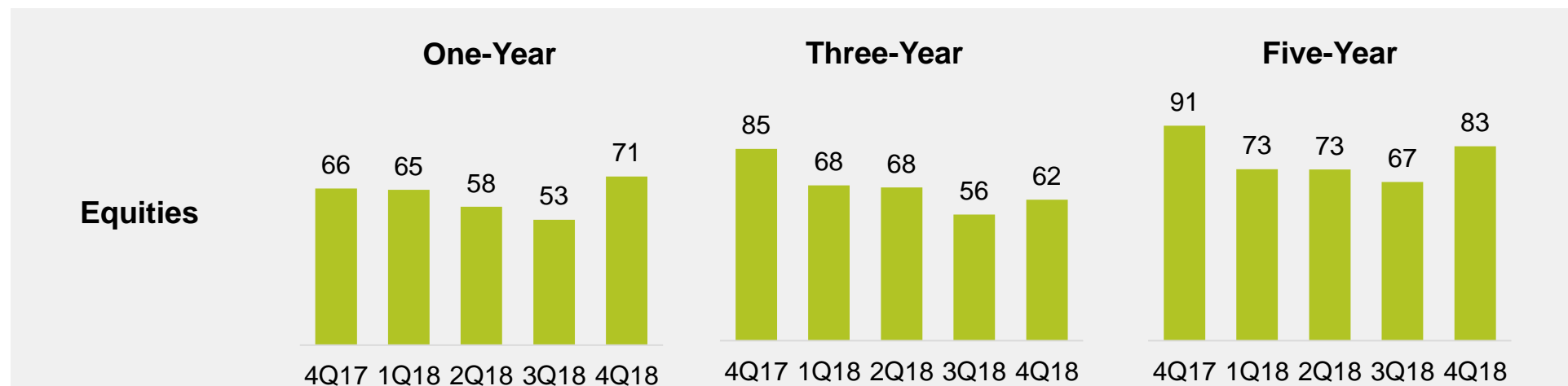
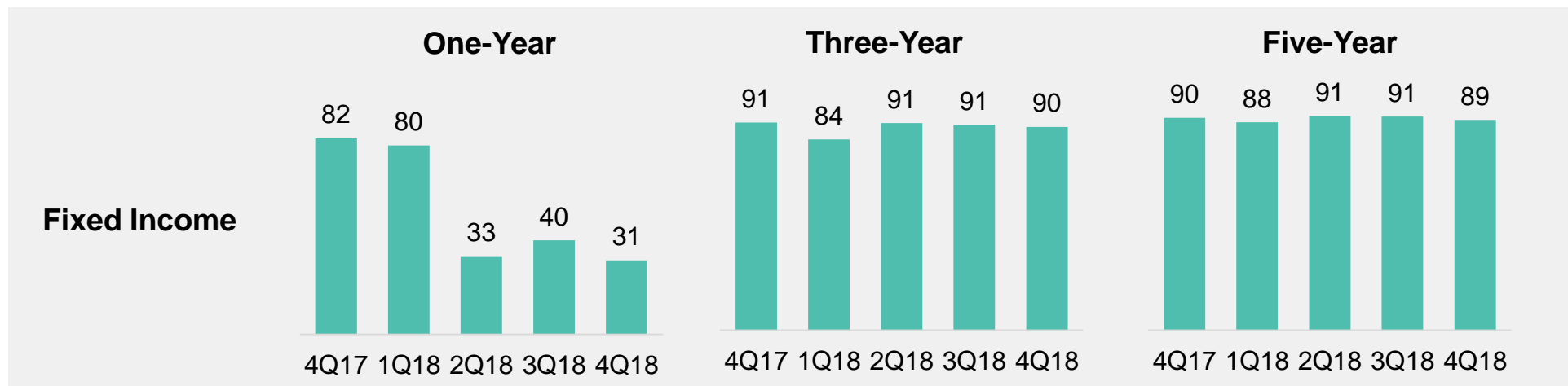
■ Gross Sales ▨ CRS Sales ■ Gross Redemptions ▩ CRS Redemptions ◆ Net Flows

2016: Includes \$7.6B alts redemption from Institutional channel, \$6.3B RI529 redemption from Retail channel and \$0.4B RII 529 redemption from Private Wealth channel.

*Private Wealth net inflows include Option Advantage overlay strategy inflows of \$1.8B in 2018: \$1.3B in 1Q18 and \$0.5B in 2Q18.



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 and I share class funds ranked in the top half of their Morningstar category. Where no Advisor class exists, A share class used. As of December 31, 2018.



Fixed Income Investment Performance

Retail Service	Performance vs. Morningstar Category Average Through 12/31/18					
	1 Year		3 Year		5 Year	
	Relative (%)	Percentile	Relative (%)	Percentile	Relative (%)	Percentile
Offshore						
American Income Portfolio	1.6	29	1.1	22	1.6	13
Emerging Markets Debt Portfolio	(1.1)	68	0.6	35	1.5	32
Emerging Markets Local Currency Debt	(1.9)	84	0.7	26	0.5	29
European Income Portfolio	0.8	34	1.8	14	1.5	10
Global High Yield Portfolio	(1.2)	75	0.8	29	0.6	39
Mortgage Income Portfolio	3.8	1	1.6	13	N/A	N/A
Euro High Yield Portfolio	(2.6)	92	0.6	30	0.2	47
US Taxable						
Global Bond Fund	1.8	30	0.3	39	2.4	8
High Income Fund	(2.9)	96	0.1	49	0.6	26
Income Fund	(0.7)	78	1.4	5	1.7	2
Municipals						
High Income Municipal Portfolio	(1.1)	70	0.3	37	1.0	17
Intermediate Diversified Muni	(0.3)	82	0.3	20	N/A	N/A
Municipal Income National Portfolio	(0.3)	75	0.6	14	1.0	13

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. Advisor and I share class; A share class used when Advisor and I class not available. 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 – 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 Intern. As of 12/31/18. Source: AB and Morningstar.



Equities Investment Performance

Retail Service	Performance vs. Morningstar Category Average Through 12/31/18					
	1 Year		3 Year		5 Year	
	Relative (%)	Percentile	Relative (%)	Percentile	Relative (%)	Percentile
Offshore						
Select US	2.4	30	1.2	39	1.7	27
Sustainable US Thematic	2.0	37	2.7	6	3.1	2
Concentrated Global	5.1	17	3.0	17	4.0	8
Global Low Vol ⁽¹⁾	8.7	3	2.5	16	5.2	2
Global Core	7.5	6	4.8	2	2.9	11
Sustainable Global Thematic	1.2	40	2.4	24	2.6	16
European Equity	1.4	42	2.3	13	3.7	3
Emerging Markets Growth	(9.2)	98	(3.8)	93	0.0	56
Emerging Markets Low Vol ⁽¹⁾	0.0	58	(0.9)	66	N/A	N/A
US						
Large Cap Growth	4.3	13	2.5	13	3.7	4
Discovery Growth	2.4	32	2.8	16	0.8	36
Discovery Value	0.5	47	1.1	30	2.4	15
Concentrated Growth (US)	3.6	17	0.6	43	0.4	49
Concentrated International Growth	(2.2)	71	(0.4)	52	N/A	N/A
Relative Value	2.7	22	0.8	31	1.4	20
International Value	(7.6)	98	(4.1)	97	(0.8)	74

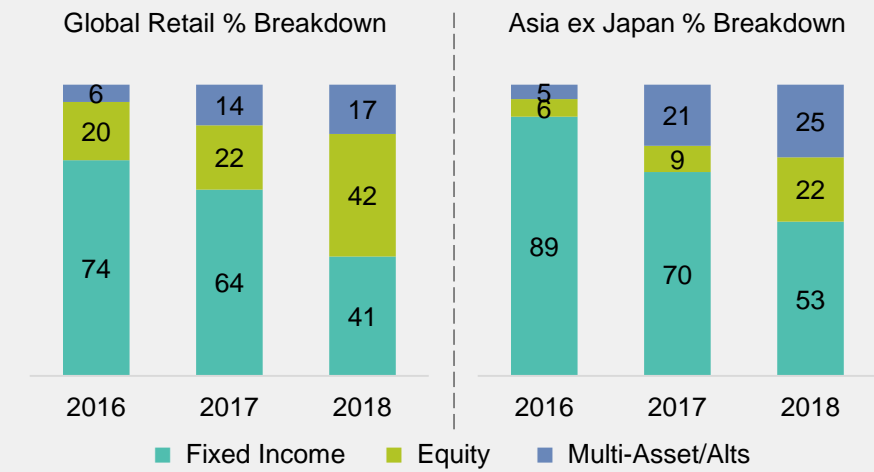
Past performance does not guarantee future results.

Relative Performance is calculated against the Fund's Morningstar Category and Percentile Ranking is determined by Morningstar Ranking Methodology. Advisor and I share class; A share class used when Advisor and I class not available. Select US – US Large-Cap Blend; Sustainable US Thematic – US Large-Cap Blend – representative of US Thematic and Strategic Research SMAs; Concentrated Global – Large Cap Growth; Global Low Vol – Global Large-Cap Blend; Global Core – Europe Large-Cap Value; Sustainable Global Thematic – Global Large-Cap Growth; European Equity – Europe Large-Cap Value; Emerging Markets Growth – Global Emerging Markets; Emerging Markets Low Vol – Global Emerging Markets Equity; Large Cap Growth – Large Growth; Discovery Growth – Mid-Cap Growth; Discovery Value – Mid-Cap Value; Concentrated Growth (US) – Large Growth; Concentrated International Growth – Foreign Large Growth; Relative Value – Large Value; International Value – Foreign Large Value. As of 12/31/18. Source: AB and Morningstar. (1) A low vol universe comparison is not currently listed in Morningstar.



Retail Highlights

Improving Gross Sales Diversification



2018 Net Flows: Diverse Array of AB Funds with \$100M+

Equity	Fixed Income
Large Cap Growth ⁽¹⁾	Tax Aware Muni SMA
Global Low Vol	Mortgage Income
Eurozone Equity	Global Plus
European Equity	Global Bond
Strategic Research SMA	Government Money Market
Discovery Growth	High Quality Muni SMA
Global REIT	Multi-Asset / Alts
International Healthcare	Global Multi-Asset (DIMs)
US Relative Value	Multi-Asset Income Fund-of-Fund
Emerging Markets Growth	Emerging Market Multi-Asset
Concentrated US Growth SMA	Select L/S Equity

Fourth Quarter and Full Year 2018 Highlights

Sales and Flows

- + Full year gross sales of \$54.2B highest since 2012; 2nd best ever
- + 2018 redemption rate of 28% flat vs. 2017 despite \$9B Y/Y increase
- + Full year flows flat after outflows in December erased positive YTD flows

Notable Strength in Active Equities

- + Equity gross sales of \$25B up 72% and consistently ~\$6B per quarter
- + Active equity net inflows of \$8B in 2018 up from \$2.8B in 2017
 - + Second consecutive year of active equity net inflows
 - + Positive active equity net flows for seven straight quarters

Greater Diversification Across Products and Regions

- + Sales increases across all regions in 2018 except Asia ex Japan
 - + Japan +193%, US⁽²⁾ +34%, LatAm +5%, EMEA +1%
- + Global High Yield (GHY) and American Income Portfolio (AIP) sales were 15% of total Global Retail sales in 2018 vs. 35% in 2016

Asia ex Japan Fixed Income Update

- + Industry-wide retail bond fund sales⁽³⁾ remain depressed
 - + USD Bonds -33% 2018 vs. 2017; GHY -53% and All Other -32%
- + AB Asia ex Japan sales sharply lower in 2018, but redemptions improved
 - + GHY gross sales declined 60% vs. 2017, AIP declined 41%
 - + Combined GHY and AIP redemptions improved by \$1B+

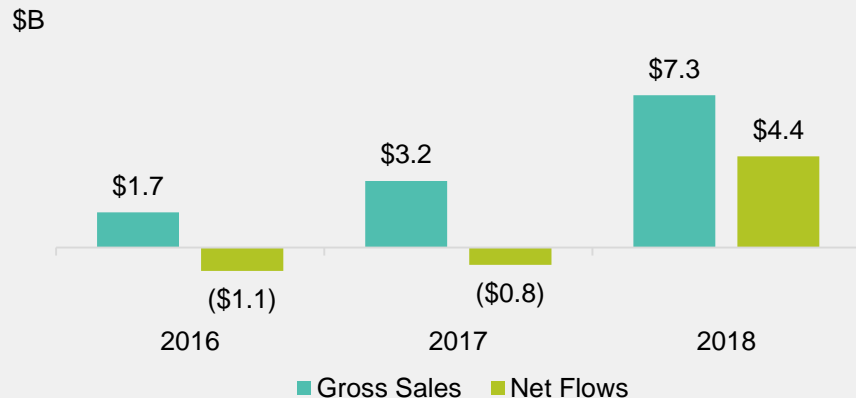
Milestones

- + FlexFee Fund partnerships with 13 distributors; total AUM excluding seed capital of \$145M at year-end
- + Six AB Lux funds top 5 ranked by net flows: Mortgage Income, Large Cap Growth, European Equity, Euro High Yield, EMMA, Global Strategic Core

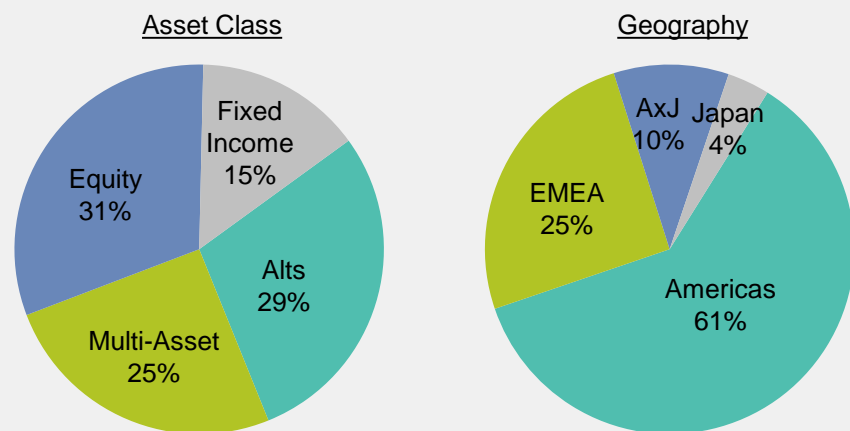
(1) Includes Japan on-shore fund, US 40 Act Fund, Lux Fund, Korea on-shore fund and FlexFee Fund. (2) US Retail includes Sub-Advisory. (3) Source: SalesWatch. As of December 31, 2018.

Institutional Highlights

Strong Momentum in Active Equity Sales and Flows



\$9.7B Pipeline⁽¹⁾ Diverse by Asset Class and Geography



(1) Total assets awarded and pending funding as of quarter-end

Fourth Quarter and Full Year 2018 Highlights

Sales Highlights

- + Total gross sales nearly doubled in 2018 to \$26.1B
- + Year-over-year sales growth in every asset class:
 - + MAS/Passive +160%, Equity +129%, Alts +55%, Fixed Income +22%
- + 2018 revenue from gross sales up 54% vs. 2017

Momentum in active equities a key flow driver in 2018

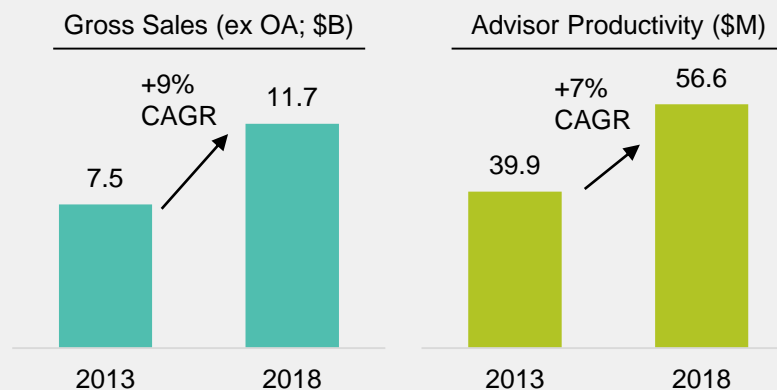
- + \$7.3B active equity gross sales best since 2008 and 28% of channel total
- + Six straight \$1B+ equity sales quarters through 4Q18
- + First active equity net flow positive year since 2007
 - + Net positive every quarter and annual organic growth of 13%

Diverse Pipeline Mix

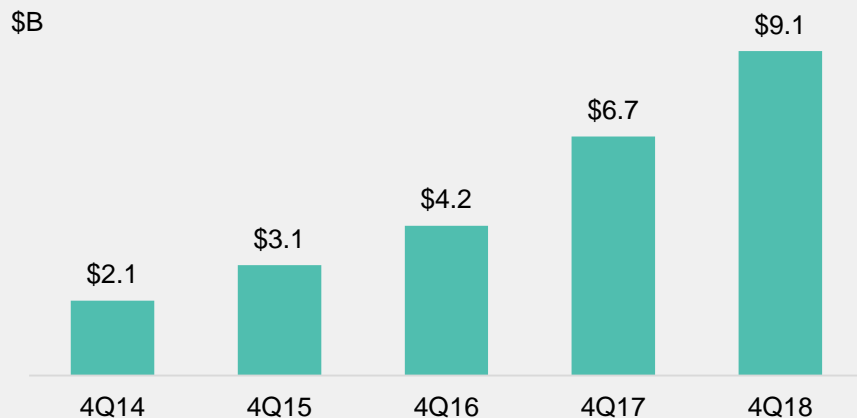
- + Notable 4Q pipeline adds across asset classes:
 - + Eurozone Equity: \$720B
 - + Emerging Market Debt: \$500M
 - + US Core Opportunities: \$500M
 - + Global Core Equity: \$400M
 - + Commercial Real Estate Debt: \$400M
 - + Custom Alternative Solutions (CAS): \$300M
 - + Global Diversified Value: \$300M
 - + US SMID Blend: \$200M
 - + Arya Partners: \$150M
- + Active equity 60% of \$3.7B pipeline adds in 4Q
- + Fifth straight quarter with pipeline annualized fee base >\$30M

Private Wealth Management Highlights

Steady Growth in Gross Sales and Advisor Productivity



\$9.1B in Alts/Focused Equities Deployed and Committed Assets



Fourth Quarter and Full Year 2018 Highlights

Sales and Flow Momentum

- + Full year gross sales of \$11.7B excluding Option Advantage (OA) highest in 10 years
- + Redemption rate of 11.9% vs. 13.1% in 2017 and below historical average
- + Net flows positive for third consecutive year and four out of the past five
 - + 4Q18 net outflows of \$0.9B related to several factors, including year-end tax trading

Appealing to a broader and more affluent client base

- + New Alts/Focused Equity commitments of \$2.4B in 2018
- + Clients > \$20M annualized organic growth rate (ex OA) of 3.2%
- + Partnering with Abbott Capital to launch a Private Equity Fund-of-Fund offering in first half of 2019
 - + Abbott's long-term year track record and middle market focus complement current private credit offering

Advisor productivity continues to rise

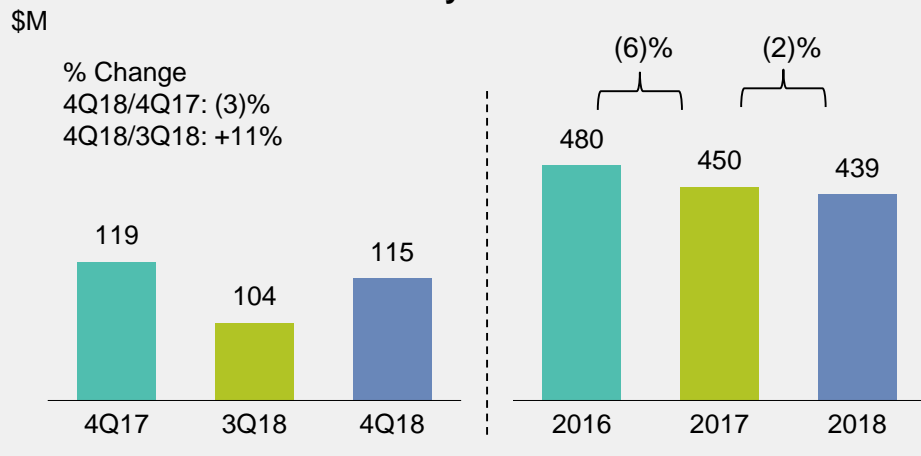
- + Advisor productivity CAGR of +7% 2013-2018
- + Average size of new relationships up 6% vs. 2017

Growing Advisor Base

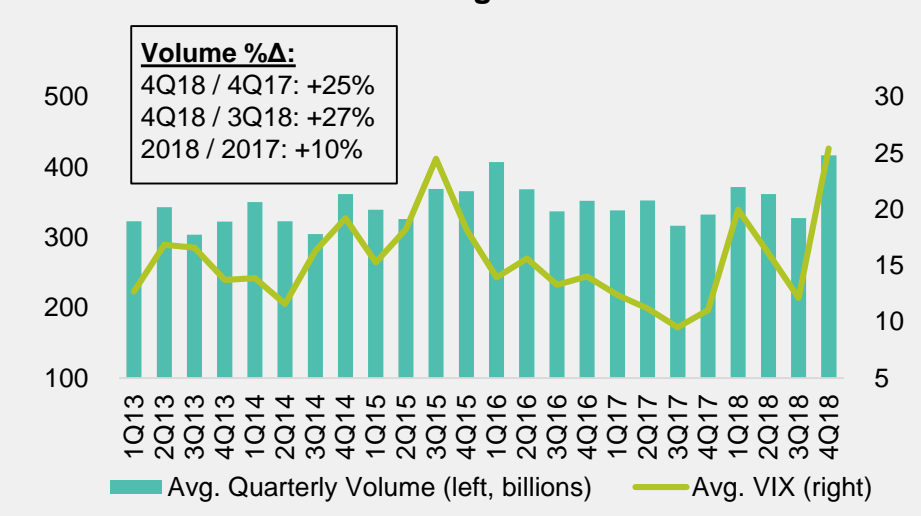
- + Advisor headcount up 6% after flat to negative growth for 2 years
- + New Nashville Private Wealth office planning for spring 2019 opening
 - + 19th US location led by an experienced MD transferring from NY

Bernstein Research Highlights

Bernstein Research Quarterly and Annual Revenues



US Market Volumes and VIX Highest in More Than 5 Years⁽¹⁾



(1) Source: VIX – Bloomberg; US Market Volumes Tape A and C – Bats

Progress on Bernstein Research Strategy in 4Q18

Investing to remain the industry's research quality leader

- + Autonomous acquisition adds preeminent financial services and fintech research franchise
 - + 25 analysts: 10 in the US and 15 in Europe
 - + 233 stocks under coverage: 122 in US and 111 in Europe
 - + Expect EPU neutral in 2019 ex-restructuring and accretive by 2020
- + Another strong showing in *Institutional Investor's* 2019 All-Europe Research Team survey
 - + Maintained #6 overall ranking
 - + Seven analysts ranked #1 up from six last year

Growing our industry-leading agency trading platform

- + Trading volumes up across regions in 2018: US +5%, Europe +9% and Asia +18%
- + New research on machine learning for next-gen algo development
- + New trader data tools to identify crossing opportunities

Globalizing our research and trading capabilities

- + European luxury goods and general retail analyst hires
- + US internet and telco analyst hires
- + New IT services and quant analysts in India continues buildout of Mumbai office

MiFID II Update

- + 50% of global and 80% of European revenues are unbundled
- + Robust 4Q catch-up in research payments due to a strong December

Progress on Our Strategy in 2018

Firmwide Initiative

Deliver differentiated return streams to clients

Progress

- + Fixed Income: 90% of assets in outperforming services for 3-yr period; 31% for 1-yr and 89% for 5-yr
 - + Top quartile⁽¹⁾ 3-yr: AB, Mortgage, Muni and European Income, Int. Diversified Muni, American Income
- + Active equity: 62% of assets in outperforming services for 3-yr period; 71% for 1-yr and 83% for 5-yr
 - + Top quartile⁽¹⁾ 3-yr: Global Core, Sustainable US Thematic, European Equity, LC Growth, Discovery Growth, Global Low Vol, Concentrated Global, Sustainable Global Thematic
- + 81% of US rated and 88% of Lux rated assets rated 4/5-stars by Morningstar at year-end

Commercialize and scale our suite of services

- + Momentum and growth in revitalized active equities franchise
 - + Retail: active equity net inflows of \$8B in 2018 up from \$2.8B in 2017; seven straight inflow quarters
 - + Institutional: \$4.4B of active equity net inflows for organic growth of 13%; first positive year since 2007
- + Sales growth and diversification efforts continue to pay off
 - + Retail: equity, alts and multi-asset were 59% of total sales in 2018 vs. 36% in 2017 and 26% in 2016
 - + Institutional: gross sales growth in every asset class in 2018 – MAS/Passive +160%, Equity +129%, Alternatives +55%, Fixed Income +22%
 - + Private Wealth: 2018 gross sales of \$11.7B⁽²⁾ and highest in 10 years
 - + Additional \$2.4B to alts/focused equities services brings total deployed and committed assets to \$9.1B

Continuous and rigorous focus on expense management

- + Seventh straight year of margin expansion
 - + 2018 adjusted operating margin of 29.1% up 140 bps vs. 2017
 - + Adjusted net revenue growth of 8% outpaced expense growth of 6%
- + Adjusted comp ratio of 47.5% in 2018 includes Nashville-related expenses
- + Adjusted EPU of \$2.67 up 16% in 2018
 - + \$0.04 full year impact of Nashville-related expenses

(1) Source: Morningstar; (2) Excludes Option Advantage

John C. Weisenseel

Chief Financial Officer

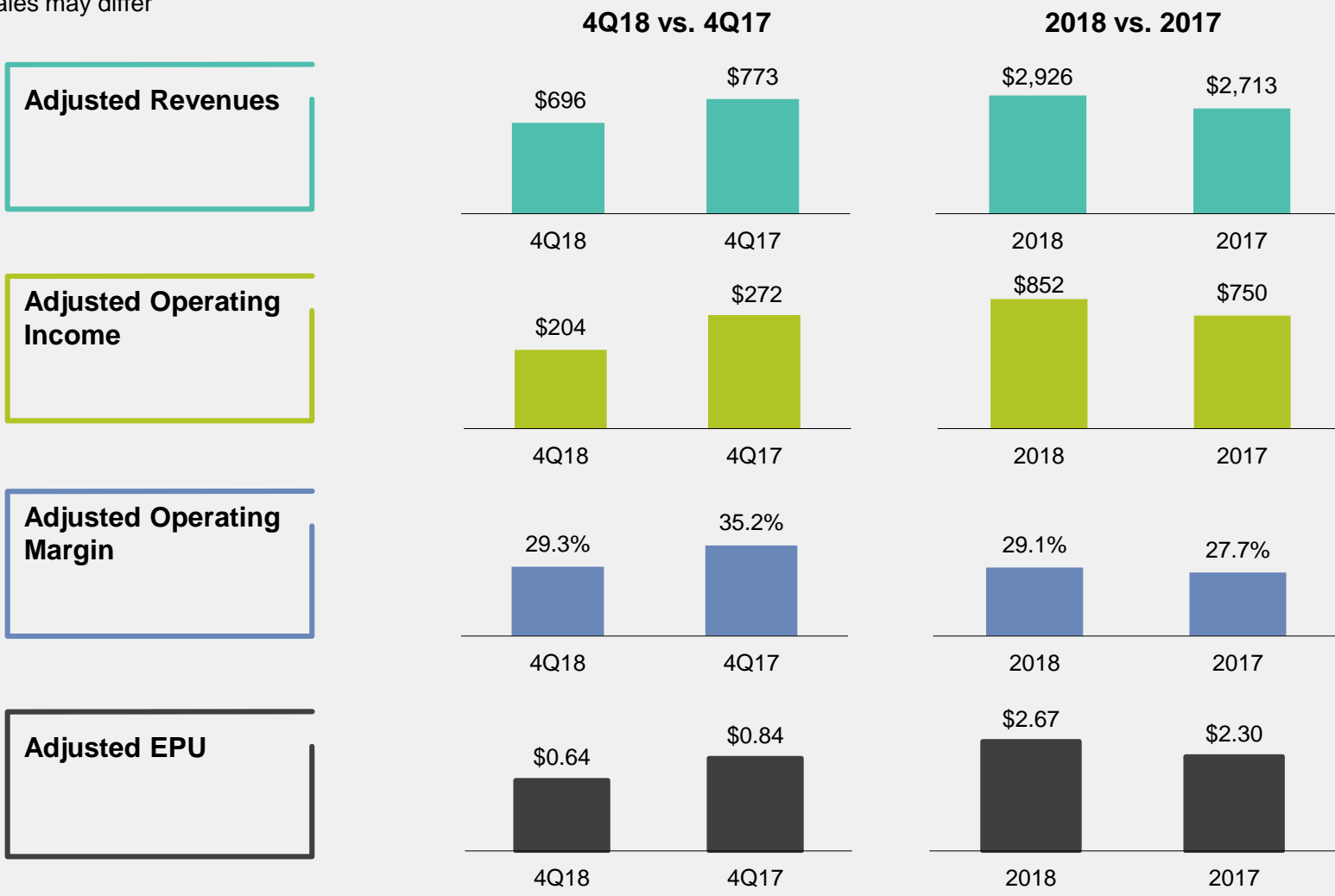
Fourth Quarter and Full Year 2018 GAAP Income Statement

Income Statement (in US \$ Millions)	4Q18	4Q17	% Δ	FY 2018	FY 2017	% Δ
Base Fees	\$ 544	\$ 559	(3%)	\$ 2,244	\$ 2,107	7%
Performance Fees	35	70	(50%)	118	95	24%
Bernstein Research Services	115	119	(3%)	439	450	(2%)
Distribution Revenues	101	109	(7%)	419	412	2%
Dividends & Interest	27	20	35%	98	71	38%
Investment Gains (Losses)	(24)	24	n/m	2	92	(98%)
Other Revenues	22	26	(15%)	99	97	2%
Total Revenues	820	927	(12%)	3,419	3,324	3%
Less: Interest Expense	16	8	100%	52	25	108%
Net Revenues	\$ 804	\$ 919	(13%)	\$ 3,367	\$ 3,299	2%
Compensation & Benefits						
Compensation & Fringes	\$ 309	\$ 326	(5%)	\$ 1,345	\$ 1,285	5%
Other Employment Costs	10	8	25%	34	29	17%
Total Compensation & Benefits	319	334	(4%)	1,379	1,314	5%
Promotion & Servicing	167	175	(5%)	671	657	2%
General & Administrative	112	118	(5%)	456	518	(12%)
Other	7	9	(22%)	36	36	-
Total Operating Expenses	\$ 605	\$ 636	(5%)	\$ 2,542	\$ 2,525	1%
Operating Income	\$ 199	\$ 283	(30%)	\$ 825	\$ 774	7%
Operating Margin	25.0%	29.9%		23.9%	21.7%	
AB Holding GAAP Diluted Net Income Per Unit	\$ 0.63	\$ 0.84	(25%)	\$ 2.50	\$ 2.19	14%

Percentages are calculated using amounts rounded in millions.

Adjusted Financial Highlights: Fourth Quarter and Full Year 2018

In US \$ Millions; scales may differ



Please refer to pages 35-39 for additional information on the reconciliation of GAAP financial results to adjusted financial results.

Fourth Quarter and Full Year 2018 Adjusted Income Statement

Adjusted Income Statement⁽¹⁾ (in US \$ Millions)	4Q18	4Q17	% Δ	FY 2018	FY 2017	% Δ
Base Fees	\$ 543	\$ 559	(3%)	\$ 2,240	\$ 2,101	7%
Performance Fees	35	80	(56%)	196	105	87%
Bernstein Research Services	115	119	(3%)	439	450	(2%)
Net Distribution Expenses	(7)	(8)	(13%)	(30)	(31)	(3%)
Investment Gains (Losses)	(13)	-	n/m	(7)	3	n/m
Other Revenues	39	31	26%	140	110	27%
Total Revenues	712	781	(9%)	2,978	2,738	9%
Less: Interest Expense	16	8	100%	52	25	108%
Adjusted Net Revenues	\$ 696	\$ 773	(10%)	\$ 2,926	\$ 2,713	8%
Compensation & Benefits						
Compensation & Fringes	\$ 315	\$ 324	(3%)	\$ 1,388	\$ 1,274	9%
Other Employment Costs	10	8	25%	34	28	21%
Total Compensation & Benefits	325	332	(2%)	1,422	1,302	9%
Promotion & Servicing	51	48	6%	187	179	4%
General & Administrative	108	112	(4%)	426	445	(4%)
Other	8	9	(11%)	39	37	5%
Total Adjusted Operating Expenses	\$ 492	\$ 501	(2%)	\$ 2,074	\$ 1,963	6%
Adjusted Operating Income	\$ 204	\$ 272	(25%)	\$ 852	\$ 750	14%
Adjusted Operating Margin	29.3%	35.2%		29.1%	27.7%	
AB Holding Adjusted Diluted Net Income Per Unit	\$ 0.64	\$ 0.84	(24%)	\$ 2.67	\$ 2.30	16%
Compensation Ratio	45.2%	42.0%		47.5%	47.1%	

(1) Prior period Net Distribution Revenues (Expenses), Adjusted Revenues, Promotion and Servicing Expenses and Adjusted Operating Margin have been revised due to a reclassification of certain expenses that impacted previously presented amounts.

Please refer to pages 35-39 for additional information on the reconciliation of GAAP financial results to adjusted financial results. Percentages are calculated using amounts rounded in millions.

Fourth Quarter and Full Year 2018 Adjusted Income Statement Highlights

Revenues

- + Base Fees declined vs. 4Q17 due primarily to lower average AUM in the Institutional and Retail channels. Base fees increased vs. FY17 due primarily to higher average AUM in all three distribution channels and higher portfolio fee rate realization.
- + Performance Fees were down vs. 4Q17 due mainly to lower fees earned on Securitized Assets, Middle Market Lending and US Concentrated Growth. The increase vs. FY17 was driven by the Real Estate Equity and Financial Services Opportunities funds.
- + Bernstein Research Services revenues decreased vs. 4Q17 and FY17 due primarily to a volume mix shift to lower fee electronic trading across all regions, partially offset by higher research payments due to the unbundling of services.
- + Net Distribution Expenses declined vs. 4Q17 and FY17 primarily due to the decline in amortization of deferred sales commission and promotional retail distribution fees in Asia.
- + Investment losses in both in 4Q18 and FY18 were driven by seed investment losses. Investment gains in FY17 were driven by seed investment gains.
- + Higher Dividend & Interest Revenue related to Broker Dealer investments drove the gains in Other Revenues vs. both prior periods.

Expenses

- + The Adjusted Compensation Ratio was 45.2% in 4Q18 vs. 42.0% in 4Q17, and 47.5% for 2018 compared to 47.1% in 2017.
- + Total Compensation & Benefits decreased 2% vs. 4Q17 due to lower incentive compensation accruals due to lower revenues partially offset by a higher effective comp ratio in 4Q18. The 9% increase vs. FY17 was due to higher incentive compensation and commission accruals resulting from higher revenues, paired with a slightly higher compensation ratio.
- + Promotion & Servicing expenses increased 6% vs. 4Q17 due primarily to higher marketing costs. The 4% increase vs. FY17 is due mainly to higher trade execution and marketing costs, partially offset by lower T&E.
- + G&A expenses declined 4% vs. 4Q17 and FY17 due to lower error-related charges, portfolio servicing fees, occupancy and more favorable foreign exchange translation, partially offset by higher professional fees and technology expenses. FY17 also included a net a \$15M net non-recurring charge.
- + Other expenses increased on a full year basis due mainly to higher interest expense.

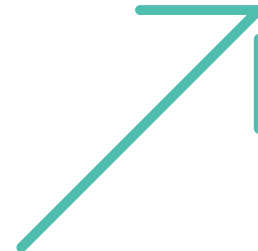
Operating Results

- + Adjusted Operating Income decreased 25% vs. 4Q17 as a decrease in revenues driven by lower base and performance fees outpaced a decline in operating expenses. The 14% increase vs. FY17 was due to higher revenues as a result of higher base and performance fees in the current year, outpacing the growth in expenses.
- + Adjusted Margin was 29.3% in 4Q18, down from 35.2% in 4Q17. For 2018, the Adjusted Margin was 29.1% vs. 27.7% in 2017. The incremental margin in 2018 was 48%.

Please refer to pages 35-39 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

Periods Ended December 31, 2018

Service	4Q18	1-Yr	3-Yr	5-Yr	10-Yr	Benchmark
Equity						
Emerging Markets Value	(1.6)	(3.2)	(2.0)	(0.7)	(0.4)	MSCI EM
Global Strategic Value	(3.9)	(9.1)	(3.6)	(1.8)	(1.1)	MSCI ACWI
US Small & Mid Cap Value	(1.0)	(2.0)	0.6	1.1	2.2	Russell 2500 Value
US Strategic Value	(2.7)	(5.5)	(3.5)	(2.8)	(1.4)	Russell 1000 Value
US Small Cap Growth	(0.6)	9.4	6.4	2.7	4.4	Russell 2000 Growth
US Large Cap Growth	4.2	4.3	1.2	2.4	0.8	Russell 1000 Growth
US Small & Mid Cap Growth	(2.3)	3.9	2.7	1.0	2.7	Russell 2500 Growth
Concentrated US Growth	1.3	6.6	1.6	1.2	2.2	S&P 500
Select US Equity	0.1	0.3	0.0	0.3	2.3	S&P 500
Global Core Equity	2.6	5.1	3.0	1.4	N/A	MSCI ACWI
Fixed Income						
Global High Income	(1.2)	(1.3)	(0.0)	(0.4)	0.4	Bloomberg Barclays Global High Yield - Hedged
US High Yield	(0.8)	(0.7)	(0.8)	(0.1)	0.4	Bloomberg Barclays US Corporate High Yield
US Strategic Core Plus	(0.3)	0.2	1.0	0.9	2.2	Bloomberg Barclays US Aggregate
Emerging Market Debt	(0.1)	(1.5)	1.1	0.0	1.6	JPM EMBI Global
Global Plus	(0.2)	(0.4)	0.7	0.5	2.2	Bloomberg Barclays Global Aggregate - Hedged

Performance is preliminary and as of December 31, 2018. 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 and Global Plus are hedged to USD.

Retail Mutual Funds Relative Performance vs. Morningstar Average

Service	Periods Ended December 31, 2018					Morningstar Average
	4Q18	1-Yr	3-Yr	5-Yr	10-Yr	
Equity						
International Value	(5.4)	(7.6)	(4.1)	(0.8)	(1.8)	Foreign Large Value
Relative Value	0.1	2.7	0.8	1.4	1.4	Large Value
Discovery Value	0.9	0.5	1.1	2.4	1.8	Mid-Cap Value
US Value	(2.2)	(6.4)	(4.4)	(3.2)	(2.5)	Large Value
Sustainable Global Thematic	0.6	0.0	2.9	2.9	1.2	World Large Stock
Sustainable International Thematic	2.8	(3.0)	(1.9)	(1.2)	(1.6)	Foreign Large Growth
Large Cap Growth ⁽¹⁾	3.6	4.3	2.5	3.7	2.2	Large Growth
Emerging Markets Growth	(4.2)	(9.2)	(3.8)	0.0	0.0	Global Emerging Markets Equity
Growth ⁽¹⁾	2.9	6.0	3.4	3.7	1.7	Large Growth
Discovery Growth	(4.9)	2.4	2.8	0.8	3.4	Mid-Cap Growth
Fixed Income						
Global High Yield	(0.5)	(1.2)	0.8	0.6	2.1	Global High Yield Bond
American Income Portfolio	1.3	1.6	1.1	1.6	1.5	USD Flexible Bond
Global Bond	0.7	1.8	0.3	2.4	2.3	World Bond
High Income	(0.6)	(2.9)	0.1	0.6	2.0	High Yield Bond

(1) Performance figures other than 4Q18, One Year and Three Year positively affected by class action settlement proceeds.

As of December 31, 2018. 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.

Three Months Ended 12/31/18: AUM Roll-Forward by Distribution Channel

In US \$ Billions	Beginning	Sales/New	Redemptions/	Net Cash	Net	Transfers	Investment	Net	End
Investment Service:	of Period	Accounts	Terminations	Flows	Flows		Performance	Change	of Period
Institutions									
US	130.7	1.3	(0.1)	2.5	3.7	-	(4.3)	(0.6)	130.1
Global and Non-US	126.3	2.3	(4.0)	(1.0)	(2.7)	(0.1)	(7.3)	(10.1)	116.2
Total Institutions	257.0	3.6	(4.1)	1.5	1.0	(0.1)	(11.6)	(10.7)	246.3
Retail									
US	102.6	9.5	(5.6)	(1.0)	2.9	-	(10.5)	(7.6)	95.0
Global and Non-US	93.7	5.5	(6.6)	(1.1)	(2.2)	0.2	(5.9)	(7.9)	85.8
Total Retail	196.3	15.0	(12.2)	(2.1)	0.7	0.2	(16.4)	(15.5)	180.8
Private Wealth Management									
US	63.9	1.6	(2.3)	(0.1)	(0.8)		(3.5)	(4.3)	59.6
Global and Non-US	33.2	1.0	(1.1)	-	(0.1)	(0.1)	(3.3)	(3.5)	29.7
Total Private Wealth	97.1	2.6	(3.4)	(0.1)	(0.9)	(0.1)	(6.8)	(7.8)	89.3
Firmwide									
US	297.2	12.4	(8.0)	1.4	5.8	-	(18.3)	(12.5)	284.7
Global and Non-US	253.2	8.8	(11.7)	(2.1)	(5.0)	-	(16.5)	(21.5)	231.7
Total Firmwide	550.4	21.2	(19.7)	(0.7)	0.8	-	(34.8)	(34.0)	516.4

Twelve Months Ended 12/31/18: AUM Roll-Forward by Distribution Channel

In US \$ Billions	Beginning	Sales/New	Redemptions/	Net Cash	Net	Transfers	Investment	Net	End
Investment Service:	of Period	Accounts	Terminations	Flows	Flows		Performance	Change	of Period
Institutions									
US	138.5	3.5	(5.8)	(1.6)	(3.9)	0.1	(4.6)	(8.4)	130.1
Global and Non-US	130.8	22.6	(24.3)	(4.4)	(6.1)	0.1	(8.6)	(14.6)	116.2
Total Institutions	269.3	26.1	(30.1)	(6.0)	(10.0)	0.2	(13.2)	(23.0)	246.3
Retail									
US	92.3	28.2	(16.7)	(4.8)	6.7	0.1	(4.1)	2.7	95.0
Global and Non-US	100.6	26.0	(29.8)	(2.9)	(6.7)	0.1	(8.2)	(14.8)	85.8
Total Retail	192.9	54.2	(46.5)	(7.7)	-	0.2	(12.3)	(12.1)	180.8
Private Wealth Management									
US	60.7	9.2	(8.0)	(1.2)	-	(0.2)	(0.9)	(1.1)	59.6
Global and Non-US	31.6	4.3	(3.0)	0.6	1.9	(0.2)	(3.6)	(1.9)	29.7
Total Private Wealth	92.3	13.5	(11.0)	(0.6)	1.9	(0.4)	(4.5)	(3.0)	89.3
Firmwide									
US	291.5	40.9	(30.5)	(7.6)	2.8	-	(9.6)	(6.8)	284.7
Global and Non-US	263.0	52.9	(57.1)	(6.7)	(10.9)	-	(20.4)	(31.3)	231.7
Total Firmwide	554.5	93.8	(87.6)	(14.3)	(8.1)	-	(30.0)	(38.1)	516.4

Three Months Ended 12/31/18: AUM Roll-Forward by Investment Service

In US \$ Billions Investment Service:	Beginning of Period	Sales/New Accounts	Redemptions/ Terminations	Net Cash Flows	Net Flows	Acquisition	Investment Performance	Net Change	End of Period
Equity Active									
US	84.1	5.4	(3.8)	-	1.6	-	(12.1)	(10.5)	73.6
Global and Non-US	71.8	3.0	(2.0)	(1.0)	-	-	(9.2)	(9.2)	62.6
Total Equity Active	155.9	8.4	(5.8)	(1.0)	1.6	-	(21.3)	(19.7)	136.2
Equity Passive ⁽¹⁾									
US	44.0	3.0	-	(0.3)	2.7	-	(6.5)	(3.8)	40.2
Global and Non-US	12.0	-	(0.2)	(0.2)	(0.4)	-	(1.6)	(2.0)	10.0
Total Equity Passive ⁽¹⁾	56.0	3.0	(0.2)	(0.5)	2.3	-	(8.1)	(5.8)	50.2
Total Equity	211.9	11.4	(6.0)	(1.5)	3.9	-	(29.4)	(25.5)	186.4
Fixed Income - Taxable									
US	108.0	1.6	(1.4)	2.4	2.6	-	0.3	2.9	110.9
Global and Non-US	116.8	5.0	(9.1)	(1.9)	(6.0)	-	(2.0)	(8.0)	108.8
Total Fixed Income - Taxable	224.8	6.6	(10.5)	0.5	(3.4)	-	(1.7)	(5.1)	219.7
Fixed Income - Tax-Exempt									
US	42.0	1.7	(2.2)	(0.3)	(0.8)	-	0.5	(0.3)	41.7
Global and Non-US	-	-	-	-	-	-	-	-	-
Total Fixed Income - Tax-Exempt	42.0	1.7	(2.2)	(0.3)	(0.8)	-	0.5	(0.3)	41.7
Fixed Income Passive ⁽¹⁾									
US	5.3	0.1	(0.2)	(0.2)	(0.3)	-	0.1	(0.2)	5.1
Global and Non-US	4.6	-	(0.1)	-	(0.1)	-	(0.2)	(0.3)	4.3
Total Fixed Income Passive ⁽¹⁾	9.9	0.1	(0.3)	(0.2)	(0.4)	-	(0.1)	(0.5)	9.4
Total Fixed Income	276.7	8.4	(13.0)	-	(4.6)	-	(1.3)	(5.9)	270.8
Other ⁽²⁾									
US	13.8	0.6	(0.4)	(0.2)	-	-	(0.6)	(0.6)	13.2
Global and Non-US	48.0	0.8	(0.3)	1.0	1.5	-	(3.5)	(2.0)	46.0
Total Other⁽²⁾	61.8	1.4	(0.7)	0.8	1.5	-	(4.1)	(2.6)	59.2
Firmwide									
US	297.2	12.4	(8.0)	1.4	5.8	-	(18.3)	(12.5)	284.7
Global and Non-US	253.2	8.8	(11.7)	(2.1)	(5.0)	-	(16.5)	(21.5)	231.7
Total Firmwide	550.4	21.2	(19.7)	(0.7)	0.8	-	(34.8)	(34.0)	516.4

(1) Includes index and enhanced index services.

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



Twelve Months Ended 12/31/18: AUM Roll-Forward by Investment Service

In US \$ Billions Investment Service:	Beginning of Period	Sales/New Accounts	Redemptions/ Terminations	Net Cash Flows	Net Flows	Acquisition	Investment Performance	Net Change	End of Period
Equity Active									
US	74.8	18.7	(13.5)	(2.6)	2.6	-	(3.8)	(1.2)	73.6
Global and Non-US	64.6	18.0	(8.7)	(1.1)	8.2	-	(10.2)	(2.0)	62.6
Total Equity Active	139.4	36.7	(22.2)	(3.7)	10.8	-	(14.0)	(3.2)	136.2
Equity Passive ⁽¹⁾									
US	41.9	3.6	(0.2)	(2.9)	0.5	-	(2.2)	(1.7)	40.2
Global and Non-US	12.4	0.4	(0.4)	(0.7)	(0.7)	-	(1.7)	(2.4)	10.0
Total Equity Passive ⁽¹⁾	54.3	4.0	(0.6)	(3.6)	(0.2)	-	(3.9)	(4.1)	50.2
Total Equity	193.7	40.7	(22.8)	(7.3)	10.6	-	(17.9)	(7.3)	186.4
Fixed Income - Taxable									
US	117.5	5.9	(8.9)	(0.2)	(3.2)	-	(3.4)	(6.6)	110.9
Global and Non-US	130.4	21.7	(31.9)	(6.0)	(16.2)	-	(5.4)	(21.6)	108.8
Total Fixed Income - Taxable	247.9	27.6	(40.8)	(6.2)	(19.4)	-	(8.8)	(28.2)	219.7
Fixed Income - Tax-Exempt									
US	40.4	7.9	(6.7)	(0.4)	0.8	-	0.5	1.3	41.7
Global and Non-US	-	-	-	-	-	-	-	-	-
Total Fixed Income - Tax-Exempt	40.4	7.9	(6.7)	(0.4)	0.8	-	0.5	1.3	41.7
Fixed Income Passive ⁽¹⁾									
US	5.2	0.1	(0.2)	-	(0.1)	-	-	(0.1)	5.1
Global and Non-US	4.7	-	(0.4)	0.2	(0.2)	-	(0.2)	(0.4)	4.3
Total Fixed Income Passive ⁽¹⁾	9.9	0.1	(0.6)	0.2	(0.3)	-	(0.2)	(0.5)	9.4
Total Fixed Income	298.2	35.6	(48.1)	(6.4)	(18.9)	-	(8.5)	(27.4)	270.8
Other ⁽²⁾									
US	11.7	4.7	(1.0)	(1.5)	2.2	-	(0.7)	1.5	13.2
Global and Non-US	50.9	12.8	(15.7)	0.9	(2.0)	-	(2.9)	(4.9)	46.0
Total Other⁽²⁾	62.6	17.5	(16.7)	(0.6)	0.2	-	(3.6)	(3.4)	59.2
Firmwide									
US	291.5	40.9	(30.5)	(7.6)	2.8	-	(9.6)	(6.8)	284.7
Global and Non-US	263.0	52.9	(57.1)	(6.7)	(10.9)	-	(20.4)	(31.3)	231.7
Total Firmwide	554.5	93.8	(87.6)	(14.3)	(8.1)	-	(30.0)	(38.1)	516.4

(1) Includes index and enhanced index services.

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



Active vs. Passive Net Flows

Three Months Ended 12/31/18

	Actively Managed	Passively Managed ⁽¹⁾	Total
Equity	\$1.6	\$2.3	\$3.9
Fixed Income	(4.2)	(0.4)	(4.6)
Other ⁽²⁾	1.4	0.1	1.5
Total	(\$1.2)	\$2.0	\$0.8

Twelve Months Ended 12/31/18

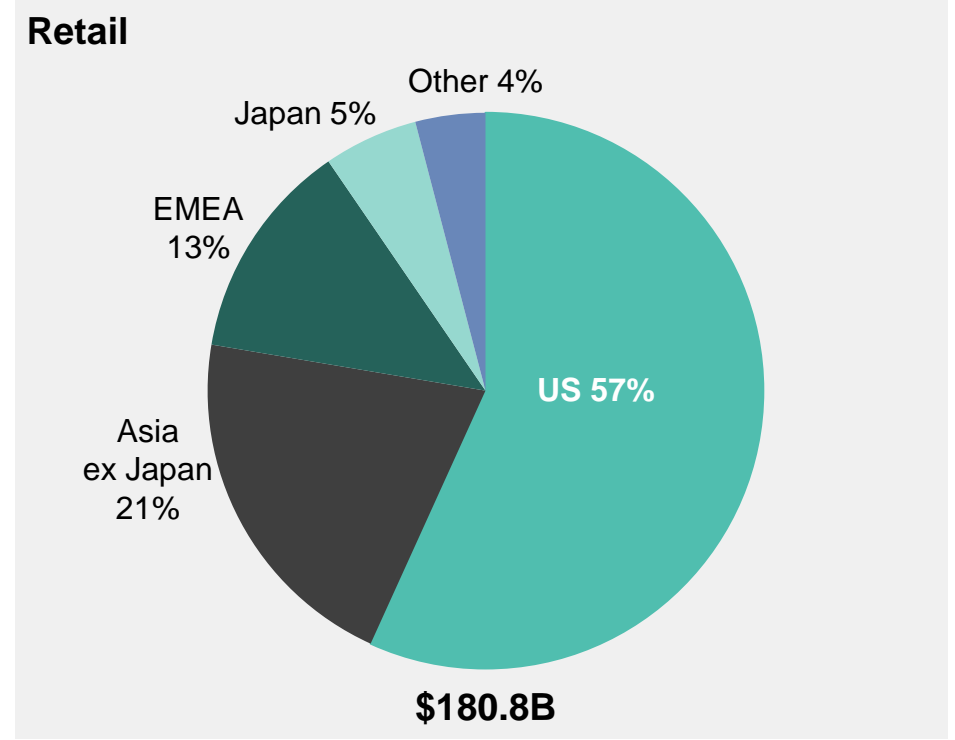
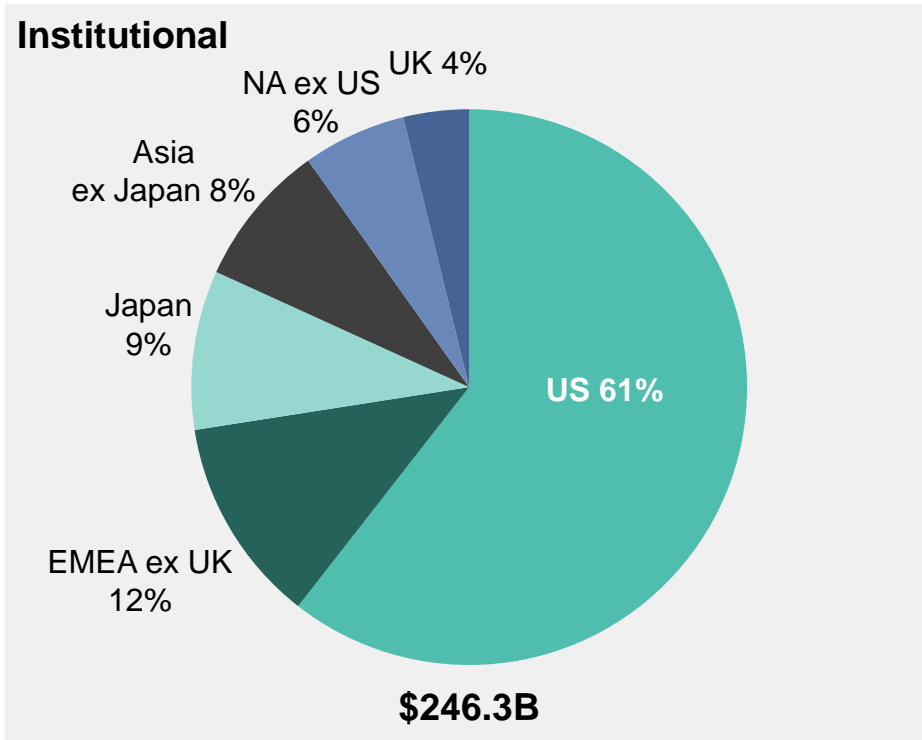
	Actively Managed	Passively Managed ⁽¹⁾	Total
Equity	\$10.8	(\$0.2)	\$10.6
Fixed Income	(18.6)	(0.3)	(18.9)
Other ⁽²⁾	(0.1)	0.3	0.2
Total	(\$7.9)	(\$0.2)	(\$8.1)

(1) Includes index and enhanced index services.

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



AUM by Region



As of December 31, 2018
By client domicile



Fourth Quarter and Full Year 2018 Adjusted Advisory Fees

	4Q18	4Q17	% Δ	FY 2018	FY 2017	% Δ
Ending AUM (\$ Billions)	\$516	\$555	(7%)	\$516	\$555	(7%)
Average AUM (\$ Billions)	\$533	\$545	(2%)	\$544	\$518	5%

By Fee Type (\$ Millions):

Adjusted Base Fees	\$543	\$559	(3%)	\$2,240	\$2,101	7%
Adjusted Performance Fees	35	80	(56%)	196	105	87%
Total	\$578	\$639	(10%)	\$2,436	\$2,206	10%

Adjusted Base Fees By Channel (\$ Millions):

Institutions	\$106	\$112	(5%)	\$444	\$429	3%
Retail	240	248	(3%)	988	918	8%
Private Wealth	197	199	(1%)	808	754	7%
Total	\$543	\$559	(3%)	\$2,240	\$2,101	7%

Fourth Quarter and Full Year 2018 GAAP Income Statement

In US \$ Millions (except EPU)	4Q18	4Q17	% Δ	FY 2018	FY 2017	% Δ
Net Revenues	\$ 804	\$ 919	(13%)	\$ 3,367	\$ 3,299	2%
Operating Expenses	605	636	(5%)	2,542	2,525	1%
Operating Income	199	283	(30%)	825	774	7%
Net Income Attributable to AB Unitholders	188	246	(24%)	758	662	15%
AB Holding GAAP Diluted Net Income per Unit	\$0.63	\$0.84	(25%)	\$ 2.50	\$ 2.19	14%
AB Holding Distribution Per Unit	\$0.64	\$0.84	(24%)	\$2.68	\$2.30	17%

Percentages are calculated using amounts rounded to the nearest million.



Consolidated Balance Sheet

In US \$ Millions

Assets	December 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 640	\$ 672
Cash and securities, segregated	1,170	816
Receivables, net	2,261	2,189
Investments:		
Long-term incentive compensation-related	52	66
Other	662	378
Assets of consolidated variable interest entities	388	1,608
Goodwill	3,067	3,067
Intangible assets, net	79	106
Deferred sales commissions, net	17	30
Other (incl. furniture & equipment, net)	453	351
Total Assets	\$ 8,789	\$ 9,283
Liabilities and Capital		
Liabilities:		
Payables	\$ 3,470	\$ 2,580
Accounts payable and accrued expenses	412	503
Liabilities of consolidated variable interest entities	23	698
Accrued compensation and benefits	273	271
Debt	546	566
Total Liabilities	4,724	4,618
Redeemable non-controlling interest	149	602
Partners' capital attributable to AllianceBernstein Unitholders	3,915	4,061
Non-controlling interests in consolidated entities	1	2
Total Capital	3,916	4,063
Total Liabilities and Capital	\$ 8,789	\$ 9,283

Consolidated Statement of Cash Flows

In US \$ Millions

	Twelve Months Ended	
	Dec. 31, 2018	Dec. 31, 2017
Net Income	\$ 779	\$ 721
Non-cash items:		
Amortization of deferred sales commissions	21	32
Non-cash long-term incentive compensation expense	188	185
Depreciation and other amortization	70	67
Unrealized losses on investments	23	4
Unrealized (gains) on investments of consolidated company-sponsored investment funds	(14)	(36)
Other, net	(6)	13
Changes in assets and liabilities	248	(341)
Net cash provided by operating activities	1,309	645
Purchases of furniture, equipment, and leasehold improvements, net	(33)	(39)
Net cash used in investing activities	(33)	(39)
Issuance (repayment) of commercial paper, net	25	(29)
(Repayment) proceeds from bank loans	(50)	75
Increase in overdrafts payable	3	63
Distributions to General Partner and Unitholders	(858)	(644)
(Redemptions) purchases of non-controlling interests of consolidated company-sponsored investment funds, net	(472)	163
Additional investments by Holding with proceeds from exercise of compensatory options to buy Holding Units	17	20
Purchases of AB Holding Units to fund long-term incentive compensation plan awards, net	(268)	(220)
Other, net	(6)	(52)
Net cash used in financing activities	(1,609)	(624)
Effect of exchange rate changes on cash and cash equivalents	(12)	22
Net (decrease) increase in cash and cash equivalents	(345)	4
Cash and cash equivalents at the beginning of period	998	994
Cash and cash equivalents at the end of period	\$ 653	\$ 998

Fourth Quarter and Full Year 2018 AB Holding Financial Results

In US \$ Millions (exclucing per Unit amounts)	4Q18	4Q17	% Δ	FY 2018	FY 2017	% Δ
AB						
Net Income Attributable to AllianceBernstein	\$188	\$246	(24%)	\$758	\$662	15%
Weighted Average Equity Ownership Interest	35.5%	34.8%		35.7%	35.1%	
AB Holding						
Equity in Net Income Attributable to AB	\$67	\$86	(22%)	\$270	\$232	16%
Income Taxes	7	7	0%	28	25	12%
Net Income	\$60	\$79	(24%)	\$242	\$207	17%
Diluted Net Income Per Unit, GAAP basis	\$0.63	\$0.84	(25%)	\$2.50	\$2.19	14%
Distributions Per Unit	\$0.64	\$0.84	(24%)	\$2.68	\$2.30	17%
Adjusted Diluted Net Income Per Unit	\$0.64	\$0.84	(24%)	\$2.67	\$2.30	16%

Please refer to pages 35-39 for additional information on the reconciliation of GAAP financial results to adjusted financial results. Percentages are calculated using amounts rounded in millions.

Fourth Quarter 2018 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

	Adjustments									
	GAAP	Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	NCI/ Consol VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition- Related Expenses (G)	Other (H)	Non-GAAP
Investment advisory and services fees	\$ 579,924		(1,099)		(298)				-	\$ 578,527
Bernstein research services	115,240									115,240
Distribution revenues	100,952	(108,340)			43					(7,345)
Dividend and interest income	26,875			(1,631)	(202)					25,042
Investment gains (losses)	(24,207)			7,104	1,615				2,733	(12,755)
Other revenues	22,128		(7,940)		(227)					13,961
Total revenues	820,912	(108,340)	(9,039)	5,473	931	-	-	-	2,733	712,670
Less: interest expense	16,252									16,252
Net revenues	804,660	(108,340)	(9,039)	5,473	931	-	-	-	2,733	696,418
Employee compensation and benefits	319,297			5,232					-	324,529
Promotion and servicing	166,875	(108,340)	(7,777)							50,758
General and administrative	112,071		(1,262)		(680)	(670)		(1,924)		107,535
Contingent payment arrangements	(2,376)						2,429			53
Interest on borrowings	2,407									2,407
Amortization of intangible assets	7,027									7,027
Net income (loss) of consolidated entities attributable to non-controlling interests	-				(116)					(116)
Total expenses	605,301	(108,340)	(9,039)	5,232	(796)	(670)	2,429	(1,924)	-	492,193
Operating income	199,359	-	-	243	1,727	670	(2,429)	1,924	2,733	204,227
Income taxes	13,033	-	-	17	114	45	(158)	127	180	13,357
Net income	186,326	-	-	226	1,613	625	(2,271)	1,797	2,553	190,870
Net income (loss) of consolidated entities attributable to non-controlling interests	(1,727)				1,727				-	-
Net income attributable to AB Unitholders	\$ 188,053	\$ -	\$ -	\$ 226	\$ (114)	\$ 625	\$ (2,271)	\$ 1,797	\$ 2,553	\$ 190,870

Please refer to page 39 for notes describing the adjustments.



Fourth 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)	NCI/ Consol VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition- Related Expenses (G)		Other (H)
Investment advisory and services fees	\$ 628,744		(1,095)		10,744					\$ 638,393
Bernstein research services	119,322									119,322
Distribution revenues	109,319	(117,388)			5					(8,064)
Dividend and interest income	20,139			(1,515)	(3,071)					15,553
Investment gains (losses)	23,981			(977)	(22,526)					478
Other revenues	25,603		(9,569)		(1,184)					14,850
Total revenues	927,108	(117,388)	(10,664)	(2,492)	(16,032)	-	-	-	-	780,532
Less: interest expense	7,967									7,967
Net revenues	919,141	(117,388)	(10,664)	(2,492)	(16,032)	-	-	-	-	772,565
Employee compensation and benefits	334,082			(2,389)						331,693
Promotion and servicing	174,669	(117,388)	(9,425)							47,856
General and administrative	118,362		(1,239)		(7,692)	2,732				112,163
Contingent payment arrangements	52						-			52
Interest on borrowings	1,966									1,966
Amortization of intangible assets	6,975									6,975
Net income (loss) of consolidated entities attributable to non-controlling interests	-								44	44
Total expenses	636,106	(117,388)	(10,664)	(2,389)	(7,692)	2,732	-	-	44	500,749
Operating income	283,035	-	-	(103)	(8,340)	(2,732)	-	-	(44)	271,816
Income taxes	28,241			(10)	(832)	(272)				27,127
Net income	254,794			(93)	(7,508)	(2,460)			(44)	244,689
Net income (loss) of consolidated entities attributable to non-controlling interests	8,384				(8,340)				(44)	-
Net income attributable to AB Unitholders	\$ 246,410	\$ -	\$ -	\$ (93)	\$ 832	\$ (2,460)	\$ -	\$ -	\$ -	\$ 244,689

Please refer to page 39 for notes describing the adjustments.

Full Year 2018 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

GAAP	Adjustments								Non-GAAP
	Distribution Related Payments	Pass Through Expenses	Deferred Comp. Inv.	NCI/ Consol VIE	Real Estate Credits (Charges)	Contingent Payment Adjust.	Acquisition- Related Expenses	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Investment advisory and services fees	\$ 2,362,211	(4,395)		540				77,844	\$ 2,436,200
Bernstein research services	439,432								439,432
Distribution revenues	418,562	(448,529)		193					(29,774)
Dividend and interest income	98,226		(2,011)	(18,183)					78,032
Investment gains (losses)	2,653		5,520	(18,479)				3,780	(6,526)
Other revenues	98,676	(35,824)		(2,213)					60,639
Total revenues	3,419,760	(448,529)	3,509	(38,142)	-	-	-	81,624	2,978,003
Less: interest expense	52,399								52,399
Net revenues	3,367,361	(448,529)	3,509	(38,142)	-	-	-	81,624	2,925,604
Employee compensation and benefits	1,378,811		445					42,688	1,421,944
Promotion and servicing	671,159	(448,529)	(35,235)						187,395
General and administrative	456,156	(4,984)		(16,351)	(7,160)		(1,924)		425,737
Contingent payment arrangements	(2,219)					2,429			210
Interest on borrowings	10,359								10,359
Amortization of intangible assets	27,781								27,781
Net income (loss) of consolidated entities attributable to non-controlling interests	-			119					119
Total expenses	2,542,047	(448,529)	445	(16,232)	(7,160)	2,429	(1,924)	42,688	2,073,545
Operating income	825,314	-	3,064	(21,910)	7,160	(2,429)	1,924	38,936	852,059
Income taxes	45,816	-	169	(1,219)	395	(136)	106	2,158	47,289
Net income	779,498	-	2,895	(20,691)	6,765	(2,293)	1,818	36,778	804,770
Net income (loss) of consolidated entities attributable to non-controlling interests	21,910			(21,910)				-	-
Net income attributable to AB Unitholders	\$ 757,588	\$ -	\$ 2,895	\$ 1,219	\$ 6,765	\$ (2,293)	\$ 1,818	\$ 36,778	\$ 804,770

Please refer to page 39 for notes describing the adjustments.

Full Year 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 VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition- Related Expenses (G)	Other (H)	Income Taxes (I)	
Investment advisory and services fees	\$ 2,201,305	(5,456)		10,283						\$ 2,206,132
Bernstein research services	449,919									449,919
Distribution revenues	412,063	(443,353)		120						(31,170)
Dividend and interest income	71,162		(1,954)	(18,221)						50,987
Investment gains (losses)	92,102		(7,937)	(76,568)				(4,592)		3,005
Other revenues	97,135	(35,075)		(2,869)						59,191
Total revenues	3,323,686	(443,353)	(9,891)	(87,255)	-	-	-	(4,592)	-	2,738,064
Less: interest expense	25,165									25,165
Net revenues	3,298,521	(443,353)	(9,891)	(87,255)	-	-	-	(4,592)	-	2,712,899
Employee compensation and benefits	1,313,469		(10,600)				(514)			1,302,355
Promotion and servicing	656,628	(443,353)	(34,504)							178,771
General and administrative	518,157		(6,027)	(29,149)	(36,669)		(1,498)			444,814
Contingent payment arrangements	267					193				460
Interest on borrowings	8,194									8,194
Amortization of intangible assets	27,896									27,896
Net income (loss) of consolidated entities attributable to non-controlling interests	-							291	-	291
Total expenses	2,524,611	(443,353)	(10,600)	(29,149)	(36,669)	193	(2,012)	291	-	1,962,781
Operating income	773,910	-	709	(58,106)	36,669	(193)	2,012	(4,883)		750,118
Income taxes	53,110		54	(4,463)	2,787	(15)	153	(350)	5,433	56,709
Net income	720,800		655	(53,643)	33,882	(178)	1,859	(4,533)	(5,433)	693,409
Net income (loss) of consolidated entities attributable to non-controlling interests	58,397			(58,106)				(291)		-
Net income attributable to AB Unitholders	\$ 662,403	\$ -	\$ 655	\$ 4,463	\$ 33,882	\$ (178)	\$ 1,859	\$ (4,242)	\$ (5,433)	\$ 693,409

Please refer to page 39 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.
- 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. In addition, the net income of joint ventures attributable to non-controlling interests is excluded because it does not reflect the economic interest attributable to AB.
- E. Real estate credits and charges are excluded since they are not considered part of our core ongoing operations.
- F. The recording of a change in estimate of the contingent consideration payable relating to our acquisitions 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 reflects recognition of deferred revenue and compensation related to the Real Estate Investment Equity Fund I performance fee. The net amount was recorded as a cumulative opening January 1, 2018 equity adjustment for GAAP, but included in adjusted earnings.
- I. For 2017, the reversal of the 2016 deemed dividend income taxes payable reserve is not part of our core ongoing operations.

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.



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