Walters Brian D
Form 4
November 12, 2010

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Walters Brian D

(Last) (First) (Middle)

TWO NORTHSHORE CENTER

(Street)

PITTSBURGH, PA 15212

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
MATTHEWS INTERNATIONAL CORP [MATW]

3. Date of Earliest Transaction (Month/Day/Year)
11/10/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP and General Counsel

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Common Stock	11/10/2010		A (1)		9,000	A	$ 0	19,904	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Walters Brian D TWO NORTHSHORE CENTER PITTSBURGH, PA 15212			VP and General Counsel	

Signatures

Brian D. Walters	11/12/2010
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Award of restricted stock under the Company's 2007 Equity Incentive Plan, subject to the agreement entered into under the Plan. In general, 50% of the shares vest on November 10, 2013, subject to continuing employment at that time. The remaining 50% of the shares vest in increments of one-third upon the stock price of the Company reaching 105%, 115% and 125% of the price of the Company's common stock on the date of the award for ten consecutive trading days, respectively, and in any event no earlier than one year from the date of the grant, subject to continuing employment at that time. Shares that do not achieve the stock price thresholds on or before November 10, 2015 will be forfeited.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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13,203

Capital:

General Partner
41,100

40,498

Limited partners: 268,893,534 and 272,301,827 units issued and outstanding
4,154,810

4,091,433

Receivables from affiliates
(12,830
)

(14,498
)
AB Holding Units held for long-term incentive compensation plans
(32,967
)

(29,332
)

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Accumulated other comprehensive loss	(118,096)	(95,353)
Partners’ capital attributable to AB Unitholders	4,032,017	3,992,748
Non-redeemable non-controlling interests in consolidated entities	36,172	24,473
Total capital	4,068,189	4,017,221
Total liabilities and capital	$8,740,448	$7,433,721

See Accompanying Notes to Consolidated Financial Statements.

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Explanation of Responses:

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AllianceBernstein L.P. and Subsidiaries

Consolidated Statements of Income

	Years Ended December 31,		
	2016	2015	2014
	(in thousands, except per unit amounts)		
Revenues:			
Investment advisory and services fees	$1,933,471	$1,973,837	$1,958,250
Bernstein research services	479,875	493,463	482,538
Distribution revenues	384,405	427,156	444,970
Dividend and interest income	36,702	24,872	22,322
Investment gains (losses)	93,353	3,551	(9,076)
Other revenues	110,096	101,169	108,788
Total revenues	3,037,902	3,024,048	3,007,792
Less: Interest expense	9,123	3,321	2,426
Net revenues	3,028,779	3,020,727	3,005,366
Expenses:			
Employee compensation and benefits	1,229,721	1,267,926	1,265,664
Promotion and servicing:			
Distribution-related payments	371,607	393,033	413,054
Amortization of deferred sales commissions	41,066	49,145	41,508
Trade execution, marketing, T&E and other	208,538	223,415	224,576
General and administrative:			
General and administrative	426,147	431,635	426,960
Real estate charges	17,704	998	52
Contingent payment arrangements	(20,245)	(5,441)	(2,782)
Interest on borrowings	4,765	3,119	2,797
Amortization of intangible assets	26,311	25,798	24,916
Total expenses	2,305,614	2,389,628	2,396,745
Operating income	723,165	631,099	608,621
Income tax	28,319	44,797	44,304
Net income	694,846	586,302	564,317
Net income of consolidated entities attributable to non-controlling interests	21,488	6,375	456
Net income attributable to AB Unitholders	$673,358	$579,927	$563,861
Net income per AB Unit:			
Basic	$2.48	$2.11	$2.07
Diluted	$2.47	$2.10	$2.07

See Accompanying Notes to Consolidated Financial Statements.

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AllianceBernstein L.P. and Subsidiaries

Consolidated Statements of Comprehensive Income

	Years Ended December 31,		
	2016	2015	2014
	(in thousands)		
Net income	$694,846	$586,302	$564,317
Other comprehensive (loss) income:			
Foreign currency translation adjustments, before reclassification and tax:	(19,849)	(15,396)	(20,872)
Less: reclassification adjustment for (losses) gains included in net income upon liquidation	(6)	1,542	—
Foreign currency translation adjustments, before tax	(19,843)	(16,938)	(20,872)
Income tax benefit	—	—	—
Foreign currency translation adjustments, net of tax	(19,843)	(16,938)	(20,872)
Unrealized gains (losses) on investments:			
Unrealized gains (losses) arising during period	10	(357)	1,649
Less: reclassification adjustment for (losses) gains included in net income	(6)	1,256	19
Changes in unrealized gains (losses) on investments	16	(1,613)	1,630
Income tax (expense) benefit	(7)	701	(766)
Unrealized gains (losses on investments, net of tax	9	(912)	864
Changes in employee benefit related items:			
Amortization of prior service cost	93	(895)	(5,197)
Recognized actuarial (loss) gain	(3,043)	3,267	(19,656)
Changes in employee benefit related items	(2,950)	2,372	(24,853)
Income tax (expense) benefit	(22)	(165)	298
Employee benefit related items, net of tax	(2,972)	2,207	(24,555)
Other comprehensive (loss)	(22,806)	(15,643)	(44,563)
Less: Comprehensive income in consolidated entities attributable to non-controlling interests	21,426	6,242	355
Comprehensive income attributable to AB Unitholders	$650,614	$564,417	$519,399

See Accompanying Notes to Consolidated Financial Statements.

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AllianceBernstein L.P. and Subsidiaries

Consolidated Statements of Changes in Partners’ Capital

	Years Ended December 31,		
	2016	2015	2014
	(in thousands)		
General Partner’s Capital			
Balance, beginning of year	$40,498	$41,071	$40,137
Net income	6,733	5,799	5,639
Cash distributions to General Partner	(5,384)	(5,986)	(5,732)
Long-term incentive compensation plans activity	58	14	92
(Retirement) issuance of AB Units, net	(805)	(400)	935
Balance, end of year	41,100	40,498	41,071
Limited Partners' Capital			
Balance, beginning of year	4,091,433	4,145,926	4,054,422
Net income	666,625	574,128	558,222
Cash distributions to Unitholders	(532,180)	(591,886)	(566,616)
Long-term incentive compensation plans activity	5,802	1,598	8,929
(Retirement) issuance of AB Units, net	(80,084)	(40,433)	90,969
Other	3,214	2,100	—
Balance, end of year	4,154,810	4,091,433	4,145,926
Receivables from Affiliates			
Balance, beginning of year	(14,498)	(16,359)	(16,542)
Capital contributions from General Partner	1,200	1,551	2,325
Compensation plan accrual	313	(187)	(323)
Capital contributions from (to) AB Holding	155	497	(1,819)
Balance, end of year	(12,830)	(14,498)	(16,359)
AB Holding Units held for Long-term Incentive Compensation Plans			
Balance, beginning of year	(29,332)	(36,351)	(39,649)
Purchases of AB Holding Units to fund long-term compensation plans, net	(235,893)	(216,970)	(90,143)
Retirement (issuance) of AB Units, net	80,515	40,028	(93,457)
Long-term incentive compensation awards expense	152,012	176,040	176,916
Re-valuation of AB Holding Units held in rabbi trust	(269)	7,921	9,982
Balance, end of year	(32,967)	(29,332)	(36,351)
Accumulated Other Comprehensive Income (Loss)			
Balance, beginning of year	(95,353)	(79,843)	(35,381)
Unrealized gain (loss) on investments, net of tax	9	(912)	864
Foreign currency translation adjustment, net of tax	(19,780)	(16,805)	(20,771)
Changes in employee benefit related items, net of tax	(2,972)	2,207	(24,555)
Balance, end of year	(118,096)	(95,353)	(79,843)
Total Partners' Capital attributable to AB Unitholders	4,032,017	3,992,748	4,054,444
Non-controlling Interests in Consolidated Entities			
Balance, beginning of year	24,473	30,396	42,240
Net income	11,398	6,375	456
Foreign currency translation adjustment	(63)	(133)	(101)
Distributions from (to) non-controlling interests of our consolidated venture capital fund activities	364	(12,165)	(12,199)
Balance, end of year	36,172	24,473	30,396
Total Capital	$4,068,189	$4,017,221	$4,084,840

See Accompanying Notes to Consolidated Financial Statements.

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AllianceBernstein L.P. and Subsidiaries
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2016	2015	2014
	(in thousands)		
Cash flows from operating activities:			
Net income	$694,846	$586,302	$564,317
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of deferred sales commissions	41,066	49,145	41,508
Non-cash long-term incentive compensation expense	152,162	176,160	176,636
Depreciation and other amortization	59,026	56,426	62,515
Unrealized (gains) losses on investments	(26,285)	29,281	13,343
Unrealized (gains) on investments of consolidated variable interest entities	(31,040)	—	—
Losses on real estate asset write-offs	5,456	—	429
Other, net	3,629	(2,888)	(1,819)
Changes in assets and liabilities:			
Consolidation of cash and cash equivalents of consolidated variable interest entities, net	358,534	—	—
(Increase) decrease in segregated cash and securities	(380,823)	(88,997)	504,307
(Increase) in receivables	(295,677)	(121,985)	(444,536)
Decrease in investments	162,607	58,053	3,563
(Increase) in investments of consolidated variable interest entities	(320,993)	—	—
(Increase) in deferred sales commissions	(5,886)	(29,925)	(89,224)
Decrease (increase) in other assets	12,961	(42,690)	(6,375)
Increase in other assets and liabilities of consolidated variable interest entities	232,724	—	—
Increase (decrease) in payables	886,520	65,309	(85,226)
Increase (decrease) in accounts payable and accrued expenses	2,459	(32,372)	(58,066)
(Decrease) in accrued compensation and benefits	(3,238)	(34,645)	(51,283)
Net cash provided by operating activities	1,548,048	667,174	630,089
Cash flows from investing activities:			
Purchases of investments	—	(168)	(492)
Proceeds from sales of investments	372	4,240	140
Purchases of furniture, equipment and leasehold improvements	(36,728)	(30,217)	(25,433)
Proceeds from sales of furniture, equipment and leasehold improvements	15	2	176
Purchase of intangible asset	(2,500)	—	—
Purchase of businesses, net of cash acquired	(20,541)	—	(60,610)
Net cash used in investing activities	(59,382)	(26,143)	(86,219)
Cash flows from financing activities:			
(Repayment) issuance of commercial paper, net	(72,003)	93,867	219,818
(Decrease) increase in overdrafts payable	(84,512)	79,540	(38,967)

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Distributions to General Partner and Unitholders	(537,564)	(597,872)	(572,348)
Capital contributions from (to) non-controlling interests in consolidated entities	364	(12,165)	(12,199)
Redemptions of non-controlling interests of consolidated VIEs, net	(137,376)	—	—
Capital contributions from affiliates	1,000	2,041	511
Payments of contingent payment arrangements/purchase of shares	(1,006)	(5,027)	(759)
Additional investments by AB Holding with proceeds from exercise of compensatory options to buy AB Holding Units	6,108	9,233	18,955
Purchases of AB Holding Units to fund long-term incentive compensation plan awards, net	(235,893)	(213,484)	(90,143)
Purchases of AB Units	(374)	(805)	(1,553)
Other	(22)	(26)	(1,546)
Net cash used in financing activities	(1,061,278)	(644,698)	(478,231)
Effect of exchange rate changes on cash and cash equivalents	(10,178)	(10,353)	(20,027)
Net increase (decrease) in cash and cash equivalents	417,210	(14,020)	45,612
Cash and cash equivalents as of beginning of the period	577,300	555,503	509,891
Cash and cash equivalents as of end of the period	$994,510	$541,483	$555,503
Cash paid:			
Interest paid	$11,148	$3,984	$3,148
Income taxes paid	27,387	25,999	42,028
Non-cash investing activities:			
Fair value of assets acquired	33,583	—	87,821
Fair value of liabilities assumed	1,149	—	1,342
Fair value of redeemable non-controlling interest recorded	—	—	16,504
Non-cash financing activities:			
Payables recorded under contingent payment arrangements	11,893	—	9,365

See Accompanying Notes to Consolidated Financial Statements.

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AllianceBernstein L.P. and Subsidiaries

Notes to Consolidated Financial Statements

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

1. Business Description and Organization

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

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

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

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

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

- Actively-managed equity strategies, with global and regional portfolios across capitalization ranges and investment strategies, including value, growth and core equities;
- Actively-managed traditional and unconstrained fixed income strategies, including taxable and tax-exempt strategies;
- Passive management, including index and enhanced index strategies;
- Alternative investments, including hedge funds, fund of funds and private equity (e.g., direct real estate investing and direct lending); and
- Multi-asset solutions and services, including dynamic asset allocation, customized target-date funds and target-risk funds.

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

As of December 31, 2016, AXA, a société anonyme organized under the laws of France and the holding company for the AXA Group, a worldwide leader in financial protection, through certain of its subsidiaries (“AXA and its subsidiaries”) owns approximately 1.5% of the issued and outstanding units representing assignments of beneficial ownership of limited partnership interests in AllianceBernstein Holding L.P. (“AB Holding Units”).

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As of December 31, 2016, the ownership structure of AB, expressed as a percentage of general and limited partnership interests, is as follows:

AXA and its subsidiaries	63.2	%
AB Holding	35.6	
Unaffiliated holders	1.2	
	100.0	%

AllianceBernstein Corporation (an indirect wholly-owned subsidiary of AXA, “General Partner”) is the general partner of both AllianceBernstein Holding L.P. (“AB Holding”) and AB. AllianceBernstein Corporation owns 100,000 general partnership units in AB Holding and a 1% general partnership interest in AB. Including both the general partnership and limited partnership interests in AB Holding and AB, AXA and its subsidiaries had an approximate 63.7% economic interest in AB as of December 31, 2016.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Principles of Consolidation

The consolidated financial statements include AB and its majority-owned and/or controlled subsidiaries, and the consolidated entities that are considered to be variable interest entities ("VIEs") and for which AB is considered the primary beneficiary. Non-controlling interests on the consolidated statements of financial condition includes the portion of consolidated company-sponsored investment funds in which we do not have direct equity ownership. All significant inter-company transactions and balances among the consolidated entities have been eliminated.

Revision

During the third quarter of 2016, management determined that the frequency with which we settle our U.S. inter-company payable balances with foreign subsidiaries over the past several years created deemed dividends under Section 956 of the U.S. Internal Revenue Code of 1986, as amended ("Section 956"). In the past, we funded our foreign subsidiaries as they required cash for their operations rather than pre-fund them each quarter, thereby reducing the inter-company balance to zero on a quarterly basis, as required by Section 956. As a result, we have been understating our income tax provision and income tax liability since 2010. We evaluated the aggregate effects of this error in our income tax provision and income tax liability to our previously issued financial statements in accordance with SEC Staff Accounting Bulletins No. 99 and No. 108 and, based upon quantitative and qualitative factors, have determined that the error was not material to our previously issued financial statements. However, the cumulative effect of this error would have been material to our third quarter 2016 financial results if recorded as an out-of-period adjustment in the third quarter of 2016. Accordingly, we revised our previously issued financial statements by recording a cumulative debit adjustment of $12.6 million to our January 1, 2012 partners' capital account and revised our consolidated statements of financial condition and consolidated statements of income from 2012 through the second quarter of 2016. We established an income tax liability, including interest and potential penalties, of $34.2 million as of December 31, 2016. As of December 31, 2015, 2014 and 2013, the cumulative impact of the revision on partners’ capital in the statement of financial condition was $37.7 million, $31.0 million and $24.5 million, respectively. We revised our income tax provision, net income attributable to AB Unitholders, and basic and diluted net income per AB Unit reported in prior periods in the statements of income. The tables below reflect the revisions to these line items for the years ended December 31, 2015 and 2014 presented in this Form 10-K:

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	Year Ended December 31, 2015		
	As Reported	Adjustment	As Revised
	(in thousands, except per unit amounts)		
Income taxes	$38,122	$ 6,675	$44,797
Net income attributable to AB Unitholders	586,602	(6,675)	579,927
Basic net income per AB Unit	2.14	(0.03)	2.11
Diluted net income per AB Unit	2.13	(0.03)	2.10

	Year Ended December 31, 2014		
	As Reported	Adjustment	As Revised
	(in thousands, except per unit amounts)		
Income taxes	$37,782	$ 6,522	$44,304
Net income attributable to AB Unitholders	570,383	(6,522)	563,861
Basic net income per AB Unit	2.10	(0.03)	2.07
Diluted net income per AB Unit	2.09	(0.02)	2.07

Recently Adopted Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-15, Disclosure of Uncertainties about an Entities Ability to Continue as a Going Concern, which requires management to assess, on a quarterly basis, a company’s ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. We adopted this standard on December 31, 2016. The adoption of this standard had no impact on our financial condition or results of operations.

In February 2015, the FASB issued ASU 2015-02, Consolidation – Amendments to the Consolidation Analysis ("ASU 2015-02"), which provides a new consolidation standard for evaluating: (i) limited partnerships and similar entities for consolidation, (ii) how decision maker or service provider fees affect the consolidation analysis, (iii) how interest held by related parties affects the consolidation analysis and (iv) how the consolidation analysis applies to certain investment funds. We adopted ASU 2015-02 using the modified retrospective method with an effective adoption date of January 1, 2016, which did not require the restatement of prior-year periods. The adoption of ASU 2015-02 resulted in the consolidation of certain investment funds that were not previously consolidated. These funds became consolidated VIEs because we are considered the party with both (i) the power to direct the activities of the VIE that most significantly impact its economic performance and (ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. See Consolidation of VIEs below.

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs. This standard requires debt issuance costs be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. We adopted this standard on January 1, 2016 on a retrospective basis, which required the restatement of prior periods. The adoption of this standard did not have a material impact on our financial condition or results of operations.

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement: Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). This standard removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share practical expedient. We adopted this standard on January 1, 2016 on a retrospective basis, which required the restatement of prior-period disclosures. The adoption of this standard did not have a material impact on our financial condition or results of operations.

Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The amendment is effective retrospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2017.

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Management currently is evaluating the impact that the adoption of this standard will have on our consolidated financial statements. We have not yet completed this analysis, but based on the analysis completed to date management does not expect the standard to have a material impact on our financial condition or results of operations.

In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities. The amendment addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments and is effective for fiscal years (and interim periods within those years) beginning after December 15, 2017. The amendment will result in a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption, except for one provision relating to equity securities without readily determinable fair values, which provision will be applied prospectively. The amendment is not expected to have a material impact on our financial condition or results of operations.

In February 2016, the FASB issued ASU 2016-02, Leases. The amendment requires recognition of lease assets and lease liabilities on the statement of financial condition and disclosure of key information about leasing arrangements. Specifically, this guidance requires an operating lease lessee to recognize on the statement of financial condition a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. However, for leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. The amendment is effective for fiscal years (and interim periods within those years) beginning after December 15, 2018 and requires lessees to recognize and measure leases at the beginning of the earliest period presented in the financial statements using a modified retrospective approach. Management currently is evaluating the impact that the adoption of this standard will have on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-07, Investments - Equity Method and Joint Ventures: Simplifying the Transition to the Equity Method of Accounting. The amendment eliminates the current requirement for a retroactive adjustment and instead requires that the investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Additionally, the amendment requires that an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The amendment is effective for fiscal years (and interim periods within those years) beginning after December 15, 2016 and should be applied prospectively as of the effective date of increases in the level of ownership interest or degree of influence that result in the adoption of the equity method. The amendment is not expected to have a material impact on our financial condition or results of operations.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. The amendment includes provisions intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements, including income tax effects of share-based payments, minimum statutory tax withholding requirements and forfeitures. The amendment is effective for fiscal years (and interim periods within those years) beginning after December 15, 2016 and may be applied using various transition approaches (prospective, retrospective and modified retrospective). The amendment is not expected to have a material impact on our financial condition or results of operations.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230). The amendment is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The amendment is effective for fiscal years (and interim periods within those years) beginning after December 15, 2017 and should be applied using a retrospective transition method. The amendment is not expected to have a material impact on our financial condition or results or operations.

Consolidation of VIEs

As discussed above, we adopted ASU 2015-02 effective January 1, 2016.

For legal entities (company-sponsored investment funds) evaluated for consolidation, we first determine whether the fees we receive and the interests we hold qualify as a variable interest in the entity, including an evaluation of fees paid to us as a decision maker or service provider to the entity being evaluated. Fees received by us are not variable interests if (i) the fees are compensation for services provided and are commensurate with the level of effort required to provide those services, (ii) the service arrangement includes only terms, conditions or amounts that are customarily present in arrangements for similar services negotiated at arm’s length, and (iii) our other economic interests in the entity held directly and indirectly through our related parties, as well as economic interests held by related parties under common control, would not absorb more than an insignificant amount of the entity’s losses or receive more than an insignificant amount of the entity’s benefits.

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For those entities in which we have a variable interest, we perform an analysis to determine whether the entity is a VIE by considering whether the entity's equity investment at risk is insufficient, whether the investors lack decision making rights proportional to their ownership percentage of the entity, and whether the investors lack the obligation to absorb an entity's expected losses or the right to receive an entity's expected income.
A VIE must be consolidated by its primary beneficiary, which generally is defined as the party that has a controlling financial interest in the VIE. We are deemed to have a controlling financial interest in a VIE if we have (i) the power to direct the activities of the VIE that most significantly affect the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive income from the VIE that could potentially be significant to the VIE. For purposes of evaluating (ii) above, fees paid to us as a decision maker or service provider are excluded if the fees are compensation for services provided commensurate with the level of effort required to be performed and the arrangement includes only customary terms, conditions or amounts present in arrangements for similar services negotiated at arm's length. The primary beneficiary evaluation generally is performed qualitatively based on all facts and circumstances, as well as quantitatively, as appropriate.
If we have a variable interest in an entity that is determined not to be a VIE, the entity is then evaluated for consolidation under the voting interest entity ("VOE") model. For limited partnerships and similar entities, we are deemed to have a controlling financial interest in a VOE, and would be required to consolidate the entity, if we own a majority of the entity's kick-out rights through voting limited partnership interests and limited partners do not hold substantive participating rights (or other rights that would indicate that we do not control the entity). For entities other than limited partnerships, we are deemed to have a controlling financial interest in a VOE if we own a majority voting interest in the entity.
The analysis performed regarding the determination of variable interests held, whether entities are VIEs or VOEs, and whether we have a controlling financial interest in such entities requires the exercise of judgment. The analysis is updated continuously as circumstances change or new entities are formed.
As a result of the adoption of ASU 2015-02, effective January 1, 2016, we consolidated three investment funds that were classified as VIEs in which we have a controlling financial interest. Ownership interests not held by us relating to these consolidated VIEs are included in redeemable non-controlling interest on the condensed consolidated statement of financial condition. In addition, effective January 1, 2016, we reclassified our consolidated private equity fund as a consolidated VIE, which had been consolidated as of December 31, 2015 under previous accounting guidance due to our controlling financial interest of a VOE. Ownership interests not held by us relating to this consolidated VIE, which is a closed-end fund, are included in non-controlling interest on the consolidated statement of financial condition.
During 2016, subsequent to the initial adoption of ASU 2015-02, we consolidated six additional investment funds that were classified as VIEs in which we have a controlling interest and deconsolidated a VIE of which we were no longer the primary beneficiary. The table below illustrates the summary balance sheet amounts related to these VIEs at their consolidation dates:

	January 1, 2016	Year Ended December 31, 2016	
	ASU 2015-02 Adoption	VIEs Consolidated	VIEs De-consolidated
Cash and cash equivalents	$35,817	$371,457	$ (12,923)
Investments	215,175	85,381	(125,636)
Other assets	13,871	23,473	(59,684)
Total assets	$264,863	$480,311	$ (198,243)
Liabilities	$14,012	$41,245	$ (60,332)
Redeemable non-controlling interest	250,851	394,102	(137,911)
Partners' capital	—	44,964	—

Total liabilities, redeemable non-controlling interest and partners' capital	$264,863	$480,311	$ (198,243)

As of December 31, 2016, the net assets of company-sponsored investment products that are non-consolidated VIEs are approximately $43.7 billion, and our maximum risk of loss is our investment of $13.0 million in these VIEs and advisory fee receivables from these VIEs, which are not material.

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Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, demand deposits, money market accounts, overnight commercial paper and highly liquid investments with original maturities of three months or less. Due to the short-term nature of these instruments, the recorded value has been determined to approximate fair value. The majority of our consolidated VIEs' cash and cash equivalents is pledged as collateral for short equities.
Fees Receivable, Net
Fees receivable are shown net of allowances. An allowance for doubtful accounts related to investment advisory and services fees is determined through an analysis of the aging of receivables, assessments of collectability based on historical trends and other qualitative and quantitative factors, including our relationship with the client, the financial health (or ability to pay) of the client, current economic conditions and whether the account is active or closed. The allowance for doubtful accounts is not material to fees receivable.
Brokerage Transactions
Customers' securities transactions are recorded on a settlement date basis, with related commission income and expenses reported on a trade date basis. Receivables from and payables to clients include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for receivables; such collateral is not reflected in the consolidated financial statements. We have the ability by contract or custom to sell or re-pledge this collateral, and have done so at various times. As of December 31, 2016, there were no re-pledged securities. Principal securities transactions and related expenses are recorded on a trade date basis.
Securities borrowed and securities loaned by our broker-dealer subsidiaries are recorded at the amount of cash collateral advanced or received in connection with the transaction and are included in receivables from and payables to brokers and dealers in the consolidated statements of financial condition. Securities borrowed transactions require us to deposit cash collateral with the lender. With respect to securities loaned, we receive cash collateral from the borrower. See Note 8 for securities borrowed and loaned amounts recorded in our consolidated statements of financial condition as of December 31, 2016 and 2015. The initial collateral advanced or received approximates or is greater than the fair value of securities borrowed or loaned. We monitor the fair value of the securities borrowed and loaned on a daily basis and request additional collateral or return excess collateral, as appropriate. As of December 31, 2016 and 2015, there is no allowance provision required for the collateral advanced. Income or expense is recognized over the life of the transaction.
As of December 31, 2016 and 2015, we had $41.7 million and $81.4 million, respectively, of cash on deposit with clearing organizations for trade facilitation purposes. In addition, as of December 31, 2016 and 2015, we held U.S. Treasury Bills with values totaling $28.9 million and $24.9 million, respectively, in our investment account that are pledged as collateral with clearing organizations. These clearing organizations have the ability by contract or custom to sell or re-pledge this collateral.
Investments
Investments include U.S. Treasury Bills, unconsolidated mutual funds and limited partnership hedge funds we sponsor and manage, various separately-managed portfolios consisting of equity and fixed income securities, exchange-traded options and investments owned by a consolidated venture capital fund in which we own a controlling interest as the general partner and a 10% limited partnership interest.
Investments in U.S. Treasury Bills, mutual funds, and equity and fixed income securities are classified as either trading or available-for-sale securities. Trading investments are stated at fair value with unrealized gains and losses reported in investment gains and losses on the consolidated statements of income. Available-for-sale investments are stated at fair value with unrealized gains and losses reported as a separate component of accumulated other comprehensive income in partners' capital. Realized gains and losses on the sale of investments are reported in investment gains and losses on the consolidated statements of income. Average cost is used to determine realized gain or loss on investments sold.
We use the equity method of accounting for investments in limited partnership hedge funds. The equity in earnings of our limited partnership hedge fund investments is reported in investment gains and losses on the consolidated statements of income.

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

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

Furniture, Equipment and Leasehold Improvements, Net

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

Goodwill

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

As of December 31, 2016, goodwill of $3.1 billion on the consolidated statement of financial condition included $2.8 billion as a result of the Bernstein acquisition and $266 million in regard to various smaller acquisitions. We have determined that AB has only one reporting segment and reporting unit.

We test our goodwill annually, as of September 30, for impairment. As of September 30, 2016, the impairment test indicated that goodwill was not impaired. We also review the carrying value of goodwill if facts and circumstances occur that suggest possible impairment, such as significant declines in AUM, revenues, earnings or the price of an AB Holding Unit. There were no facts or circumstances occurring in the fourth quarter of 2016 suggesting possible impairment.

Intangible Assets, Net

Intangible assets consist primarily of costs assigned to acquired investment management contracts of Bernstein based on their estimated fair value at the time of acquisition, less accumulated amortization. Intangible assets are recognized at fair value and generally are amortized on a straight-line basis over their estimated useful life ranging from six years to 20 years.

As of December 31, 2016, intangible assets, net of accumulated amortization, of $134.6 million on the consolidated statement of financial condition consisted of $121.1 million of definite-lived intangible assets subject to amortization, of which $77.6 million relates to the Bernstein acquisition, and $13.5 million of indefinite-lived intangible assets not subject to amortization in regard to other acquisitions. As of December 31, 2015, intangible assets, net of accumulated amortization, of $145.7 million on the consolidated statement of financial condition consisted of $132.2 million of definite-lived intangible assets subject to amortization, of which $98.3 million related to the Bernstein acquisition, and $13.5 million of indefinite-lived intangible assets not subject to amortization in regard to other acquisitions. The gross carrying amount of definite-lived intangible assets totaled $476.1 million as of December 31, 2016 and $460.8 million as of December 31, 2015, and accumulated amortization was $355.0 million as of December 31, 2016 and $328.6 million as of December 31, 2015. Amortization expense was $26.3 million for 2016, $25.8 million for 2015 and $24.9 million for 2014. Estimated annual amortization expense for each of the next three years is approximately $28 million, then approximately $20 million in year four and $5 million in year five.

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

Deferred Sales Commissions, Net

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

December 31, 2016, our Non-U.S. Funds are no longer offering back-end load shares, except in isolated instances.We periodically review the deferred sales commission asset for impairment as events or changes in circumstances indicate that the carrying value may not be recoverable. If these factors indicate impairment in value, we compare the carrying value to the undiscounted cash flows expected to be generated by the asset over its remaining life. If we determine the deferred commission asset is not fully recoverable, the asset will be deemed impaired and a

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loss will be recorded in the amount by which the recorded amount of the asset exceeds its estimated fair value. There were no impairment charges recorded during 2016 or 2015.

Loss Contingencies

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

Revenue Recognition

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

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

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

Bernstein Research Services revenues consist primarily of brokerage commissions for research and brokerage-related services provided to institutional investors. Brokerage commissions earned and related expenses are recorded on a trade-date basis.

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

Contingent Payment Arrangements

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

Mutual Fund Underwriting Activities

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

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Long-term Incentive Compensation Plans

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

Awards granted in December 2016, 2015 and 2014 allowed participants to allocate their awards between restricted AB Holding Units and deferred cash. Participants (except certain members of senior management) generally could allocate up to 50% of their awards to deferred cash, not to exceed a total of $250,000 per award. Each of our employees based outside of the United States (other than expatriates), who received an award of $100,000 or less, could have allocated up to 100% of his or her award to deferred cash. Participants allocated their awards prior to the date on which the Compensation Committee granted awards in December 2016, 2015 and 2014. For these awards, the number of AB Holding Units awarded was based on the closing price of an AB Holding Unit on the grant date. For awards granted in 2016, 2015 and 2014:

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

We recognize compensation expense related to equity compensation grants in the financial statements using the fair value method. Fair value of restricted AB Holding Unit awards is the closing price of an AB Holding Unit on the grant date; fair value of options is determined using the Black-Scholes option valuation model. Under the fair value method, compensatory expense is measured at the grant date based on the estimated fair value of the award and is recognized over the required service period. For year-end long-term incentive compensation awards, employees who resign or are terminated without cause may retain their awards, subject to compliance with certain agreements and restrictive covenants set forth in the applicable award agreement, including restrictions on competition and employee and client solicitation, and a claw-back for failing to follow existing risk management policies. Because there is no service requirement, we fully expense these awards on grant date. Most equity replacement, sign-on or similar deferred compensation awards included in separate employment agreements or arrangements include a required service period. Regardless of whether or not the award agreement includes employee service requirements, AB Holding Units typically are delivered to employees ratably over four years, unless the employee has made a long-term deferral election.

Grants of restricted AB Holding Units and options to buy AB Holding Units typically are awarded during the second quarter to members of the Board of Directors of the General Partner, who are not employed by our company or by any of our affiliates (“Eligible Directors”). Restricted AB Holding Units are delivered on the third anniversary of the grant date and the options become exercisable ratably over three years. These restricted AB Holding Units and options are not forfeitable (except if the Eligible Director is terminated for “Cause”, as that term is defined in the applicable award agreement). We fully expense these awards on grant date, as there is no service requirement.

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

During 2016 and 2015, we purchased 10.5 million and 8.5 million AB Holding Units for $236.6 million and $218.3 million, respectively (on a trade date basis). These amounts reflect open-market purchases of 7.9 million and 5.8 million AB Holding Units for $176.1 million and $151.1 million, respectively, with the remainder relating to purchases of AB Holding Units from employees to allow them to fulfill statutory tax withholding requirements at the time of delivery of long-term incentive compensation awards. Purchases of AB Holding Units reflected on the consolidated statements of cash flows are net of AB Holding Units purchased by employees as part of a distribution

reinvestment election.
Each quarter, we consider whether to implement a plan to repurchase AB Holding Units pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended ("Exchange Act"). A Rule 10b5-1 plan allows a company to repurchase its shares at times when it otherwise might be prevented from doing so because of self-imposed trading blackout periods or because it possesses material non-public information. Each broker we select has the authority under the terms and limitations specified in the plan to repurchase AB Holding Units on our behalf in accordance with the terms of the plan. Repurchases are

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subject to regulations promulgated by the SEC as well as certain price, market volume and timing constraints specified in the plan. The plan adopted during the fourth quarter of 2016 expired at the close of business on February 10, 2017. We may adopt additional Rule 10b5-1 plans in the future to engage in open-market purchases of AB Holding Units to help fund anticipated obligations under our incentive compensation award program and for other corporate purposes.

During 2016, we granted to employees and Eligible Directors 7.0 million restricted AB Holding Unit awards (including 6.1 million granted in December for 2016 year-end awards to employees). During 2015, we granted to employees and Eligible Directors 7.4 million restricted AB Holding Unit awards (including 7.0 million granted in December for 2015 year-end awards to employees).

During 2016 and 2015, AB Holding issued 0.4 million and 0.5 million AB Holding Units, respectively, upon exercise of options to buy AB Holding Units. AB Holding used the proceeds of $6.1 million and $9.2 million, respectively, received from employees as payment in cash for the exercise price to purchase the equivalent number of newly-issued AB Units.

Foreign Currency Translation and Transactions

Assets and liabilities of foreign subsidiaries are translated from functional currencies into United States dollars (“US$”) at exchange rates in effect at the balance sheet dates, and related revenues and expenses are translated into US$ at average exchange rates in effect during each period. Net foreign currency gains and losses resulting from the translation of assets and liabilities of foreign operations into US$ are reported as a separate component of other comprehensive income in the consolidated statements of comprehensive income. Net foreign currency transaction gains (losses) were $1.1 million, $1.0 million, and $(1.6) million for 2016, 2015 and 2014, respectively, and are reported in general and administrative expenses on the consolidated statements of income.

Cash Distributions

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

Typically, Available Cash Flow has been the adjusted diluted net income per unit for the quarter multiplied by the number of general and limited partnership interests at the end of the quarter. In future periods, management anticipates that Available Cash Flow will be based on adjusted diluted net income per unit, unless management determines that one or more non-GAAP adjustments that are made for adjusted net income should not be made with respect to the Available Cash Flow calculation.

On February 14, 2017, the General Partner declared a distribution of $0.73 per AB Unit, representing a distribution of Available Cash Flow for the three months ended December 31, 2016. The General Partner, as a result of its 1% general partnership interest, is entitled to receive 1% of each distribution. The distribution is payable on March 9, 2017 to holders of record on February 24, 2017.

Total cash distributions per Unit paid to the General Partner and Unitholders during 2016, 2015 and 2014 were $1.98, $2.18 and $2.11, respectively.

Comprehensive Income

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

3. Real Estate Charges

During 2010, we performed a comprehensive review of our real estate requirements in New York in connection with our workforce reductions, which commenced in 2008. As a result, during 2010 we decided to sub-lease over 380,000 square feet in New York (all of this space has been sublet) and consolidate our New York-based employees into two office locations from three. During the third quarter of 2012, in an effort to further reduce our global real estate

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

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During 2014, we recorded pre-tax real estate charges of $0.1 million, comprising $5.5 million for the write-off of leasehold improvements, furniture and equipment ($5.0 million related to the 2012 plan and $0.5 million related to other real estate charges), offset by $4.7 million from a change in estimates related to previously recorded real estate charges (primarily relating to the 2010 and 2012 plans) and $0.7 million in credits related to other items.
During 2015, we recorded pre-tax real estate charges of $1.0 million, resulting from a change in estimates related to previously recorded real estate charges.
During 2016, we recorded pre-tax real estate charges of $17.7 million, resulting from new charges of $22.8 million relating to the further consolidation of office space at our New York offices, offset by changes in estimates related to previously recorded real estate charges of $5.1 million, which reflects the shortening of the lease term of our corporate headquarters from 2029 to 2024.
The activity in the liability account relating to our 2010 and 2012 office space consolidation initiatives for 2016 and 2015 is as follows:

	Year Ended December 31,	
	2016	2015
	(in thousands)	
Balance as of January 1,	$116,064	$148,429
(Credit) expense incurred	(2,874)	2,258
Payments made	(25,829)	(38,920)
Interest accretion	4,293	4,297
Balance as of end of period	$91,654	$116,064

4. Net Income Per Unit

Basic net income per unit is derived by reducing net income for the 1% general partnership interest and dividing the remaining 99% by the basic weighted average number of units outstanding for each year. Diluted net income per unit is derived by reducing net income for the 1% general partnership interest and dividing the remaining 99% by the total of the diluted weighted average number of units outstanding for each year.

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	Year Ended December 31,		
	2016	2015	2014
	(in thousands, except per unit amounts)		
Net income attributable to AB Unitholders	$673,358	$579,927	$563,861
Weighted average units outstanding—basic	269,084	271,745	269,118
Dilutive effect of compensatory options to buy AB Holding Units	554	1,037	1,148
Weighted average units outstanding—diluted	269,638	272,782	270,266
Basic net income per AB Unit	$2.48	$2.11	$2.07
Diluted net income per AB Unit	$2.47	$2.10	$2.07

For the years ended December 31, 2016, 2015 and 2014, we excluded 2,873,106, 2,409,499 and 2,806,033 options, respectively, from the diluted net income per unit computation due to their anti-dilutive effect.

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

As of December 31, 2016 and 2015, $0.9 billion and $0.5 billion, respectively, of U.S. Treasury Bills were segregated in a special reserve bank custody account for the exclusive benefit of our brokerage customers under Rule 15c3-3 of the Exchange Act.

One of our subsidiaries, which serves as the distributor of our U.S. mutual funds, maintains several special bank accounts for the exclusive benefit of customers. As of December 31, 2016 and 2015, $52.9 million and $55.4 million, respectively, of cash was segregated in these bank accounts.

6. Investments

Investments consist of:

	December 31,	
	2016	2015
	(in thousands)	
Available-for-sale	$45	$364
Trading:		
Long-term incentive compensation-related	50,935	59,150
U.S. Treasury Bills	28,937	24,942
Seed capital	211,279	406,322
Equities	6,602	43,584
Exchange-traded options	3,106	5,910
Investments in limited partnership hedge funds:		
Long-term incentive compensation-related	16,826	19,004
Seed capital	23,704	20,082
Consolidated private equity fund	—	23,897
Private equity	45,278	48,761
Investments held by consolidated VIEs	550,850	—
Time deposits	70,097	9,906
Other	7,522	7,878
Total investments	$1,015,181	$669,800

Total investments related to long-term incentive compensation obligations of $67.8 million and $78.2 million as of December 31, 2016 and 2015, respectively, consist of company-sponsored mutual funds and hedge funds. For long-term incentive compensation awards granted before 2009, we typically made investments in our services that were notionally elected by plan participants and maintained them (and continue to maintain them) in a consolidated rabbi trust or separate custodial account. The rabbi trust and custodial account enable us to hold such investments separate from our other assets for the purpose of settling our obligations to participants. The investments held in the rabbi trust and custodial account remain available to the general creditors of AB.

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

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

We allocate seed capital to our investment teams to help develop new products and services for our clients. The seed capital trading investments are equity and fixed income products, primarily in the form of separately-managed account portfolios, U.S.

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mutual funds, Luxembourg funds, Japanese investment trust management funds or Delaware business trusts. We also may allocate seed capital to investments in private equity funds, such as our consolidated venture capital fund, which holds technology, media, telecommunications, healthcare and clean-tech investments, and a third-party venture capital fund that invests in communications, consumer, digital media, healthcare and information technology markets. As of December 31, 2016 and 2015, our seed capital investments were $500.0 million and $478.0 million, respectively.
During the first quarter of 2016, we sold a private equity investment in which we owned a 7.6% equity interest. We expect to receive a total of $85.5 million in cash, subject to final transaction costs and working capital adjustments. During March 2016, the transaction closed and we received $74.8 million in cash, recorded a $10.7 million receivable for the balance retained in escrow for 18 months and recorded an investment gain of $75.3 million.
Our consolidated venture capital fund, previously consolidated under the voting interest entity model, is considered a consolidated VIE effective January 1, 2016 upon the adoption of ASU 2015-02.
Trading securities also include long positions in corporate equities, an exchange-traded fund and long exchange-traded options traded through our options desk.
The cost and fair value of available-for-sale investments held as of December 31, 2016 and 2015 were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
December 31, 2016:				
Equity investments	$23	$ —	$ —	$ 23
Fixed income investments	22	2	(2)	22
	$45	$ 2	$ (2)	$ 45
December 31, 2015:				
Equity investments	$188	$ 2	$ (9)	$ 181
Fixed income investments	197	2	(16)	183
	$385	$ 4	$ (25)	$ 364

Proceeds from sales of available-for-sale investments were approximately $0.4 million, $4.2 million and $0.1 million in 2016, 2015 and 2014, respectively. Realized gains from our sales of available-for-sale investments were zero in 2016, $1.3 million in 2015 and zero in 2014. Realized losses from our sales of available-for-sale investments were zero in each of 2016, 2015 and 2014. We assess valuation declines to determine the extent to which such declines are fundamental to the underlying investment or attributable to temporary market-related factors. Based on our assessment as of December 31, 2016, we do not believe the declines are other than temporary.
The portion of trading gains (losses) related to trading securities held as of December 31, 2016 and 2015 were as follows:

	December 31, 2016	December 31, 2015
	(in thousands)	
Net gains (losses) recognized during the period	$7,030	$(27,246)
Less: net (losses) gains recognized during the period on trading securities sold during the period	(11,294)	5,812
Unrealized gains (losses) recognized during the period on trading securities held	$18,324	$(33,058)

7. Derivative Instruments
We enter into various futures, forwards, options and swaps to economically hedge certain seed capital investments. Also, we have currency forwards that economically hedge certain balance sheet exposures. In addition, our options desk trades long and short exchange-traded equity options. We do not hold any derivatives designated in a formal hedge relationship under Accounting Standards Codification (“ASC”) 815-10, Derivatives and Hedging.
The notional value, fair value and gains and losses recognized in investment gains (losses) as of December 31, 2016 and 2015 for derivative instruments (excluding derivative instruments relating to our options desk trading activities

and consolidated VIEs discussed below) not designated as hedging instruments were as follows:

	Notional Value	Derivative Assets	Derivative Liabilities	Gains (Losses)
	(in thousands)			
December 31, 2016				
Exchange-traded futures	$103,108	$ 1,224	$ 1,092	$(2,754)
Currency forwards	180,820	4,541	4,711	(2,028)
Interest rate swaps	40,664	940	897	(572)
Credit default swaps	45,108	1,205	905	(1,338)
Option swaps	—	—	—	(70)
Total return swaps	90,043	503	1,044	(8,766)
Total derivatives	$459,743	$ 8,413	$ 8,649	$(15,528)
December 31, 2015				
Exchange-traded futures	$160,755	$ 1,539	$ 2,651	$8,572
Currency forwards	262,873	4,604	4,077	7,445
Interest rate swaps	65,484	2,945	3,745	(443)
Credit default swaps	29,421	2,089	774	(253)
Option swaps	24	9	2	11
Total return swaps	146,001	1,402	972	(160)
Total derivatives	$664,558	$ 12,588	$ 12,221	$15,172

As of December 31, 2016 and 2015, the derivative assets and liabilities are included in both receivables and payables to brokers and dealers on our consolidated statements of financial condition. Gains and losses on derivative instruments are reported in investment gains and losses on the consolidated statements of income.

We may be exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments. We minimize our counterparty exposure through a credit review and approval process. In addition, we have executed various collateral arrangements with counterparties to the over-the-counter derivative transactions that require both pledging and accepting collateral in the form of cash. As of December 31, 2016 and 2015, we held $0.8 million and $1.5 million, respectively, of cash collateral payable to trade counterparties. This obligation to return cash is reported in payables to brokers and dealers in our consolidated statements of financial condition.

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

Certain of our standardized contracts for over-the-counter derivative transactions (“ISDA Master Agreements”) contain credit risk related contingent provisions pertaining to each counterparty's credit rating. In some ISDA Master Agreements, if the counterparty’s credit rating, or in some agreements, our AUM, falls below a specified threshold, either a default or a termination event permitting the counterparty to terminate the ISDA Master Agreement would be triggered. In all agreements that provide for collateralization, various levels of collateralization of net liability positions are applicable, depending on the credit rating of the counterparty. As of December 31, 2016 and 2015, we delivered $6.2 million and $12.8 million, respectively, of cash collateral into brokerage accounts. We report this cash collateral in cash and cash equivalents in our consolidated statements of financial condition.

As of December 31, 2016 and 2015, we held $3.1 million and $5.9 million, respectively, of long exchange-traded equity options, which are classified as trading investments and included in our other investments on our consolidated statements of

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financial condition. In addition, as of December 31, 2016 and 2015, we had $0.7 million and $0.8 million, respectively, of short exchange-traded equity options, which are included in securities sold not yet purchased on our consolidated statements of financial condition. Our options desk provides our clients with equity derivative strategies and execution for exchange-traded options on single stocks, exchange-traded funds and indices. While predominately agency-based, the options desk may commit capital to facilitate a client's transaction. Our options desk hedges the risk associated with this activity by taking offsetting positions in equities. For the years ended December 31, 2016 and 2015, respectively, we recognized $27.6 million and $65.0 million, respectively, of losses on equity options activity. These losses are recognized in investment gains (losses) in the consolidated statements of income.
As of December 31, 2016, our consolidated VIEs held $2.9 million (net) of futures, forwards and swaps within their portfolios. For the year ended December 31, 2016, we recognized $0.8 million of gains on these derivative positions. These gains are recognized in the investment gains (losses) in the consolidated statements of income. As of December 31, 2016, the consolidated VIEs held $0.5 million of cash collateral payable to trade counterparties. This obligation to return cash is reported in the liabilities of consolidated VIEs in our consolidated statements of financial condition. As of December 31, 2016, the consolidated VIEs delivered $3.3 million of cash collateral into brokerage accounts. The consolidated VIEs report this cash collateral in the consolidated VIEs cash and cash equivalents in our consolidated statements of financial condition.

8. Offsetting Assets and Liabilities

Offsetting of assets as of December 31, 2016 and 2015 was as follows:

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Financial Instruments	Collateral Received	Net Amount
	(in thousands)					
December 31, 2016						
Securities borrowed	$82,814	$ —	$82,814	$ —	$(82,814)	$—
Derivatives	$8,413	$ —	$8,413	$ —	$(810)	$7,603
Derivatives held by consolidated VIEs	$4,997	$ —	$4,997	$ —	$(461)	$4,536
Long exchange-traded options	$3,106	$ —	$3,106	$ —	$—	$3,106
December 31, 2015						
Securities borrowed	$75,274	$ —	$75,274	$ —	$(75,274)	$—
Derivatives	$12,588	$ —	$12,588	$ —	$(1,518)	$11,070
Long exchange-traded options	$5,910	$ —	$5,910	$ —	$—	$5,910

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Offsetting of liabilities as of December 31, 2016 and 2015 was as follows:

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position	Financial Instruments	Collateral Pledged	Net Amount
	(in thousands)					
December 31, 2016						
Securities loaned	$—	$ —	$ —	$ —	$—	$ —
Derivatives	$ 8,649	$ —	$ 8,649	$ —	$ (6,239)	$ 2,410
Derivatives held by consolidated VIEs	$ 2,081	$ —	$ 2,081	$ —	$ (2,081)	$ —
Short exchange-traded options	$ 692	$ —	$ 692	$ —	$—	$ 692
December 31, 2015						
Securities loaned	$ 9,518	$ —	$ 9,518	$ —	$ (9,518)	$ —
Derivatives	$ 12,221	$ —	$ 12,221	$ —	$ (12,221)	$ —
Short exchange-traded options	$ 843	$ —	$ 843	$ —	$—	$ 843

Cash collateral, whether pledged or received on derivative instruments, is not considered material and, accordingly, is not disclosed by counterparty.

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9. Fair Value

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Valuation of our financial instruments by pricing observability levels as of December 31, 2016 and 2015 was as follows (in thousands):

	Level 1	Level 2	Level 3	Total
December 31, 2016:				
Money markets	$107,250	$—	$—	$107,250
U.S. Treasury Bills	—	922,126	—	922,126
Available-for-sale				
Equity securities	23	—	—	23
Fixed income securities	22	—	—	22
Trading				
Equity securities	158,316	17,785	110	176,211
Fixed income securities	80,473	11,107	—	91,580
Long exchange-traded options	3,106	—	—	3,106
Derivatives	1,224	7,189	—	8,413
Private equity	—	—	4,913	4,913
Consolidated VIEs				
Investments	341,830	203,197	5,741	550,768
Derivatives	58	1,739	—	1,797
Total assets measured at fair value	$692,302	$1,163,143	$10,764	$1,866,209
Securities sold not yet purchased				
Short equities – corporate	$40,252	$—	$—	$40,252
Short exchange-traded options	692	—	—	692
Derivatives	1,092	7,557	—	8,649
Consolidated VIEs				
Short equities	248,419	—	—	248,419
Derivatives	48	2,033	—	2,081
Contingent payment arrangements	—	—	17,589	17,589
Total liabilities measured at fair value	$290,503	$9,590	$17,589	$317,682

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December 31, 2015:				
Money markets	$116,445	$—	$—	$116,445
U.S. Treasury Bills	—	485,121	—	485,121
Available-for-sale				
Equity securities	181	—	—	181
Fixed income securities	183	—	—	183
Trading				
Equity securities	325,248	874	113	326,235
Fixed income securities	170,244	12,532	—	182,776
Long exchange-traded options	5,910	—	—	5,910
Derivatives	1,539	11,049	—	12,588
Private equity	14,305	—	16,035	30,340
Total assets measured at fair value	$634,055	$509,576	$16,148	$1,159,779
Securities sold not yet purchased				
Short equities – corporate	$15,254	$—	$—	$15,254
Short exchange-traded options	843	—	—	843
Derivatives	2,651	9,570	—	12,221
Contingent payment arrangements	—	—	31,399	31,399
Total liabilities measured at fair value	$18,748	$9,570	$31,399	$59,717

Included in Note 6, Investments, but excluded in the above fair value table, are the following investments:

• Limited partnership hedge funds, which are recorded using the equity method of accounting;

• One private equity investment ($10.2 million as of December 31, 2015; sold in the first quarter of 2016), which was recorded using the cost method of accounting;

• Other investments, which primarily include miscellaneous investments recorded using the cost or equity method of accounting and long-term deposits; and

• One private equity investment ($40.4 million and $32.0 million as of December 31, 2016 and 2015, respectively) which is measured at fair value using NAV (or its equivalent) as a practical expedient.

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

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

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- Private equity: As of December 31, 2015, private equity investments include the investments of our consolidated venture capital fund and our investment in a private equity energy fund. As of December 31, 2016, the consolidated venture capital fund is classified as a consolidated VIE (see Note 2) and is discussed separately below; our investment in a private equity energy fund remains. Generally, the valuation of private equity investments requires significant management judgment due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of such investments. Private equity investments are valued initially at cost. The carrying values of private equity investments are adjusted either up or down from cost to reflect expected exit values as evidenced by financing and sale transactions with third parties, or when determination of a valuation adjustment is confirmed through ongoing review in accordance with our valuation policies and procedures. A variety of factors are reviewed and monitored to assess positive and negative changes in valuation, including current operating performance and future expectations of investee companies, industry valuations of comparable public companies, changes in market outlooks, and the third party financing environment over time. In determining valuation adjustments resulting from the investment review process, particular emphasis is placed on current company performance and market conditions. For these reasons, which make the fair value of private equity investments unobservable, equity investments are included in Level 3 of the valuation hierarchy.
- Securities sold not yet purchased: Securities sold not yet purchased, primarily reflecting short positions in equities and exchange-traded options, are included in Level 1 of the valuation hierarchy.
- Contingent payment arrangements: Contingent payment arrangements relate to contingent payment liabilities associated with acquisitions in 2010, 2013, 2014 and 2016. At each reporting date, we estimate the fair values of the contingent consideration expected to be paid upon probability-weighted AUM and revenue projections, using observable market data inputs, which are included in Level 3 of the valuation hierarchy.
- Investments of consolidated VIEs: During 2016, subsequent to the initial adoption of ASU 2015-02, we consolidated six additional investment funds that were classified as VIEs in which we have a controlling interest and deconsolidated a VIE of which we were no longer the primary beneficiary. Currently, seven of our consolidated VIEs are open-end Luxembourg funds investing in (i) high yield debt issued by U.S. corporations and related derivatives, (ii) fixed income securities issued by Asia-Pacific issuers and related derivatives, and (iii) equity securities, including common and preferred stocks, convertible securities, depositary receipts and securities of real estate investment trusts; currencies and currency-related instruments; pooled investment vehicles; and financial derivative instruments, such as options, futures, forwards, swaps and commodity index-related instruments. Also, we consolidated one hedge fund which invests in a wide range of U.S. and non-U.S. securities and other financial instruments. In addition, our venture capital fund, which is classified as a consolidated VIE effective January 1, 2016, holds both private equity investments as well as private equity investments that became publicly-traded. The investments and derivatives held by the consolidated VIEs are included in Levels 1, 2 and 3 of the valuation hierarchy. During the third quarter of 2016, one of our private securities went public and $23.6 million was transferred from a Level 3 to a Level 1 classification.

The change in carrying value associated with Level 3 financial instruments carried at fair value, classified as private equity investments, trading equity securities and investments held by our consolidated VIEs, is as follows:

	December 31, 2016	December 31, 2015
	(in thousands)	
Balance as of beginning of period	$16,148	$27,813
Transfers out	(23,566)	(26)
Activity related to consolidated VIEs	19,772	—
Purchases	—	195
Sales	—	(14,178)
Realized gains, net	—	1,983
Unrealized (losses) gains, net	(1,590)	361
Balance as of end of period	$10,764	$16,148

Transfers into and out of all levels of the fair value hierarchy are reflected at end-of-period fair values. Realized and unrealized gains and losses on Level 3 financial instruments are recorded in investment gains and losses in the consolidated statements of income.

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As of December 31, 2016 and 2015, we have an investment in a private equity fund focused exclusively on the energy sector (fair value of $4.9 million and $6.5 million, respectively) that is classified as Level 3. This investment's valuation is based on a market approach, considering recent transactions in the fund and the industry.
Our consolidated venture capital fund, which is classified as a consolidated VIE in 2016 and a private equity investment in 2015, holds no Level 3 investments as of December 31, 2016. Quantitative information about our consolidated venture capital fund Level 3 fair value measurements as of December 31, 2015 was as follows:

	Fair Value as of December 31, 2015 (in thousands)	Valuation Technique	Unobservable Input	Range
Technology, Media and Telecommunications	$ 9,527	Market comparable companies	Revenue multiple	2.5 – 4.8
			Marketability discount	30 %

The significant unobservable inputs used in the fair value measurement of the reporting entities' venture capital securities in the Technology, Media and Telecommunications areas are enterprise value to revenue multiples and a discount rate to account for liquidity and various risk factors. Significant increases (decreases) in the enterprise value to revenue multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in the discount rate would result in a significantly lower (higher) fair value measurement.
As of December 31, 2016, five of our consolidated VIEs that are open-end Luxembourg funds hold $5.7 million of investments that are classified as Level 3. They primarily consist of corporate bonds that are vendor priced with no ratings available, bank loans, non-agency collateralized mortgage obligations and asset-backed securities.
The change in carrying value associated with Level 3 financial instruments carried at fair value, classified as contingent payment arrangements, is as follows:

	December 31, 2016	December 31, 2015
	(in thousands)	
Balance as of beginning of period	$ 31,399	$ 42,436
Addition	11,893	—
Accretion	1,237	1,770
Changes in estimates	(21,482)	(7,211)
Payments	(5,458)	(5,596)
Balance as of end of period	$ 17,589	$ 31,399

During 2016, we recorded a change in estimate of the contingent consideration payable relating to our 2010 acquisition of $2.2 million. Additionally, we had recorded a contingent consideration payable for our 2013 acquisition relating to contingent value rights ("CVRs"). The CVRs would have entitled the shareholders to an additional $4 per share if the assets under management in the acquired investment services exceeded $5 billion on or before the third anniversary of the acquisition date (December 12, 2016). The target was not met and, as a result, we reversed the contingent consideration payable of $19.3 million.
As of December 31, 2016, the three acquisition-related contingent consideration liabilities recorded have a combined fair value of $17.6 million and are valued using a projected AUM weighted average growth rate of 18% for one acquisition, and revenue growth rates and discount rates ranging from 4% to 31% and 1.4% to 6.4%, respectively, for the three acquisitions.

As of December 31, 2015, the three acquisition-related contingent consideration liabilities recorded had a combined fair value of $31.4 million and were valued using a projected AUM weighted average growth rate of 46%, a revenue growth rate of 43% and discount rates ranging from 3.0% to 6.4%. During 2015, we recorded changes in estimates of the contingent consideration payable relating to recent acquisitions of $7.2 million.

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Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

We did not have any material assets or liabilities that were measured at fair value for impairment on a nonrecurring basis during the years ended December 31, 2016 or 2015.

10. Furniture, Equipment and Leasehold Improvements, Net

Furniture, equipment and leasehold improvements, net consist of:

	December 31,	
	2016	2015
	(in thousands)	
Furniture and equipment	$535,890	$529,488
Leasehold improvements	247,121	258,280
	783,011	787,768
Less: Accumulated depreciation and amortization	(623,447)	(627,408)
Furniture, equipment and leasehold improvements, net	$159,564	$160,360

Depreciation and amortization expense on furniture, equipment and leasehold improvements were $29.4 million, $29.0 million and $36.2 million for the years ended December 31, 2016, 2015 and 2014, respectively.

During 2016, 2015 and 2014, we recorded $17.7 million, $1.0 million and $0.1 million, respectively, in pre-tax real estate charges. Included in the 2014 charge was $5.5 million of leasehold improvements, furniture and equipment we wrote off related to the respective spaces. See Note 3 for further discussion of the real estate charges.

11. Deferred Sales Commissions, Net

The components of deferred sales commissions, net for the years ended December 31, 2016 and 2015 were as follows (excluding amounts related to fully amortized deferred sales commissions):

	December 31,	
	2016	2015
	(in thousands)	
Carrying amount of deferred sales commissions	$903,252	$970,671
Less: Accumulated amortization	(565,681)	(606,963)
Cumulative CDSC received	(273,681)	(264,638)
Deferred sales commissions, net	$63,890	$99,070

Amortization expense was $41.1 million, $49.1 million and $41.5 million for the years ended December 31, 2016, 2015 and 2014, respectively. Estimated future amortization expense related to the December 31, 2016 net asset balance, assuming no additional CDSC is received in future periods, is as follows (in thousands):

2017	$32,206
2018	21,092
2019	7,688
2020	2,864
2021	36
2022	4
	$63,890

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12. Debt

As of December 31, 2016 and 2015, AB had $513.0 million and $581.7 million, respectively, in commercial paper outstanding with weighted average interest rates of approximately 0.9% and 0.5%, respectively. The commercial paper is short term in nature, and as such, recorded value is estimated to approximate fair value (and considered a Level 2 security in the fair value hierarchy). Average daily borrowings of commercial paper during 2016 and 2015 were $422.9 million and $387.9 million, respectively, with weighted average interest rates of approximately 0.6% and 0.3%, respectively.

AB has a $1.0 billion committed, unsecured senior revolving credit facility (“Credit Facility”) with a group of commercial banks and other lenders, which matures on October 22, 2019. The Credit Facility provides for possible increases in the principal amount by up to an aggregate incremental amount of $250.0 million; any such increase is subject to the consent of the affected lenders. The Credit Facility is available for AB and Sanford C. Bernstein & Co., LLC ("SCB LLC") business purposes, including the support of AB’s $1.0 billion commercial paper program. Both AB and SCB LLC can draw directly under the Credit Facility and management may draw on the Credit Facility from time to time. AB has agreed to guarantee the obligations of SCB LLC under the Credit Facility.

The Credit Facility contains affirmative, negative and financial covenants, which are customary for facilities of this type, including, restrictions on dispositions of assets, restrictions on liens, a minimum interest coverage ratio and a maximum leverage ratio. As of December 31, 2016, we were in compliance with these covenants. The Credit Facility also includes customary events of default (with customary grace periods, as applicable), including provisions under which, upon the occurrence of an event of default, all outstanding loans may be accelerated and/or lender’s commitments may be terminated. Also, under such provisions, upon the occurrence of certain insolvency- or bankruptcy-related events of default, all amounts payable under the Credit Facility would automatically become immediately due and payable, and the lender’s commitments automatically would terminate.

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

As of December 31, 2016 and 2015, we had no amounts outstanding under the Credit Facility. During 2016 and 2015, we did not draw upon the Credit Facility.

On December 1, 2016, AB entered into a $200.0 million, unsecured 364-day senior revolving credit facility (the “Revolver”) with a leading international bank and the other lending institutions that may be party thereto. The Revolver is available for AB's and SCB LLC's business purposes, including the provision of additional liquidity to meet funding requirements primarily related to SCB LLC's operations. Both AB and SCB LLC can draw directly under the Revolver and management expects to draw on the Revolver from time to time. AB has agreed to guarantee the obligations of SCB LLC under the Revolver. The Revolver contains affirmative, negative and financial covenants which are identical to those of the Credit Facility. As of December 31, 2016, we had no amounts outstanding under the Revolver and the average daily borrowings for 2016 were $7.3 million, with a weighted average interest rate of 1.6%.

In addition, SCB LLC has four uncommitted lines of credit with four financial institutions. Three of these lines of credit permit us to borrow up to an aggregate of approximately $225.0 million, with AB named as an additional borrower, while one line has no stated limit. As of December 31, 2016 and 2015, SCB LLC had no bank loans outstanding. Average daily borrowings of bank loans during 2016 and 2015 were $4.4 million and $3.9 million, respectively, with weighted average interest rates of approximately 1.1% and 1.2%, respectively.

Explanation of Responses:

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13. Commitments and Contingencies

Operating Leases

We lease office space, furniture and office equipment under various operating leases. The future minimum payments under non-cancelable leases, sublease commitments and related payments we are obligated to make, net of sublease commitments of third party lessees to make payments to us, as of December 31, 2016, are as follows:

	Payments	Sublease Receipts	Net Payments
	(in millions)		
2017	$ 138.3	$ 43.3	$ 95.0
2018	132.3	44.2	88.1
2019	125.9	43.6	82.3
2020	105.7	27.2	78.5
2021	99.2	25.8	73.4
2022 and thereafter	291.0	66.8	224.2
Total future minimum payments	$ 892.4	$ 250.9	$ 641.5

Office leases contain escalation clauses that provide for the pass through of increases in operating expenses and real estate taxes. Rent expense, which is amortized on a straight-line basis over the life of the lease, was $68.1 million, $70.7 million and $73.0 million, respectively, for the years ended December 31, 2016, 2015 and 2014, net of sublease income of $2.5 million, $2.9 million and $3.3 million, respectively, for the years ended December 31, 2016, 2015 and 2014. See Note 3 for further discussion of the real estate charges.

Legal Proceedings

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

By agreement dated November 28, 2016, the terms of which are confidential, this matter was settled. Our contribution to the settlement amount was paid by our relevant insurance carriers.

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

In management’s opinion, an adequate accrual has been made as of December 31, 2016 to provide for any probable losses regarding any litigation matters for which we can reasonably estimate an amount of loss. It is reasonably possible that we could incur additional losses pertaining to these matters, but currently we cannot estimate any such additional losses.

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

Other

During 2009, we entered into a subscription agreement, under which we committed to invest up to $35.0 million, as amended in 2011, in a venture capital fund over a six-year period. As of December 31, 2016, we had funded $33.5 million of this commitment.

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During 2010, as general partner of AllianceBernstein U.S. Real Estate L.P. (“Real Estate Fund”), we committed to invest $25.0 million in the Real Estate Fund. As of December 31, 2016, we had funded $20.5 million of this commitment. During 2014, as general partner of AllianceBernstein U.S. Real Estate II L.P. (“Real Estate Fund II”), we committed to invest $28.0 million, as amended in 2015, in the Real Estate Fund II. As of December 31, 2016, we had funded $3.8 million of this commitment.

During 2012, we entered into an investment agreement under which we committed to invest up to $8.0 million in an oil and gas fund over a three-year period, as amended. As of December 31, 2016, we had funded $6.2 million of this commitment.

14. Net Capital

SCB LLC is registered as a broker-dealer under the Exchange Act and is subject to the minimum net capital requirements imposed by the U.S. Securities and Exchange Commission ("SEC"). SCB LLC computes its net capital under the alternative method permitted by the applicable rule, which requires that minimum net capital, as defined, equals the greater of $1 million or two percent of aggregate debit items arising from customer transactions, as defined. As of December 31, 2016, SCB LLC had net capital of $214.3 million, which was $184.2 million in excess of the minimum net capital requirement of $30.1 million. Advances, dividend payments and other equity withdrawals by SCB LLC are restricted by regulations imposed by the SEC, the Financial Industry Regulatory Authority, Inc., and other securities agencies.

Our U.K.-based broker-dealer is a member of the London Stock Exchange. As of December 31, 2016, it was subject to financial resources requirements of $22.7 million imposed by the Financial Conduct Authority of the United Kingdom and had aggregate regulatory financial resources of $43.6 million, an excess of $20.9 million.

AllianceBernstein Investments, Inc., another one of our subsidiaries and the distributor and/or underwriter for certain company-sponsored mutual funds, is registered as a broker-dealer under the Exchange Act and is subject to the minimum net capital requirements imposed by the SEC. As of December 31, 2016, it had net capital of $56.5 million, which was $56.2 million in excess of its required net capital of $0.3 million.

Many of our subsidiaries around the world are subject to minimum net capital requirements by the local laws and regulations to which they are subject. As of December 31, 2016, each of our subsidiaries subject to a minimum net capital requirement satisfied the applicable requirement.

15. Counterparty Risk

Customer Activities

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

Our customer securities activities are transacted on either a cash or margin basis. In margin transactions, we extend credit to the customer, subject to various regulatory and internal margin requirements. These transactions are collateralized by cash or securities in the customer’s account. In connection with these activities, we may execute and clear customer transactions involving the sale of securities not yet purchased. We seek to control the risks associated with margin transactions by requiring customers to maintain collateral in compliance with the aforementioned regulatory and internal guidelines. We monitor required margin levels daily and, pursuant to such guidelines, require customers to deposit additional collateral, or reduce positions, when necessary. A majority of our customer margin accounts are managed on a discretionary basis whereby we maintain control over the investment activity in the accounts. For these discretionary accounts, our margin deficiency exposure is minimized through maintaining a diversified portfolio of securities in the accounts and by virtue of our discretionary authority and our U.S-based broker-dealer's role as custodian.

In accordance with industry practice, we record customer transactions on a settlement date basis, which generally was three business days after trade date for our U.S. operations and two business days after trade date for our U.K. operations. We are exposed to risk of loss on these transactions in the event of the customer’s or broker’s inability to meet the terms of their contracts, in which case we may have to purchase or sell financial instruments at prevailing market prices. The risks we assume in connection with these transactions are not expected to have a material adverse

effect on our financial condition or results of operations.

Other Counterparties

We are engaged in various brokerage activities on behalf of clients, in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event these counterparties do not fulfill their obligations, we may be exposed to loss. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is our policy to review, as necessary, each counterparty's creditworthiness.

In connection with security borrowing and lending arrangements, we enter into collateralized agreements, which may result in potential loss in the event the counterparty to a transaction is unable to fulfill its contractual obligations. Security borrowing arrangements require us to deposit cash collateral with the lender. With respect to security lending arrangements, we receive collateral in the form of cash in amounts generally in excess of the market value of the securities loaned. We attempt to mitigate

credit risk associated with these activities by establishing credit limits for each broker and monitoring these limits on a daily basis. Additionally, security borrowing and lending collateral is marked to market on a daily basis, and additional collateral is deposited by or returned to us as necessary.

We enter into various futures, forwards, options and swaps primarily to economically hedge certain of our seed money investments. We may be exposed to credit losses in the event of nonperformance by counterparties to these derivative financial instruments. See Note 7, Derivative Instruments for further discussion.

16. Qualified Employee Benefit Plans

We maintain a qualified profit sharing plan covering U.S. employees and certain foreign employees. Employer contributions are discretionary and generally limited to the maximum amount deductible for federal income tax purposes. Aggregate contributions for 2016, 2015 and 2014 were $14.3 million, $14.2 million and $13.5 million, respectively.

We maintain several defined contribution plans for foreign employees working for our subsidiaries in the United Kingdom, Australia, Japan and other locations outside the United States. Employer contributions generally are consistent with regulatory requirements and tax limits. Defined contribution expense for foreign entities was $6.8 million, $7.9 million and $7.3 million in 2016, 2015 and 2014, respectively.

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

Our policy is to satisfy our funding obligation for each year in an amount not less than the minimum required by the Employee Retirement Income Security Act of 1974, as amended, and not greater than the maximum amount we can deduct for federal income tax purposes. We did not make a contribution to the Retirement Plan during 2016. We currently estimate that we will contribute $4.0 million to the Retirement Plan during 2017. Contribution estimates, which are subject to change, are based on regulatory requirements, future market conditions and assumptions used for actuarial computations of the Retirement Plan’s obligations and assets. Management, at the present time, has not determined the amount, if any, of additional future contributions that may be required.

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

	Years Ended December 31,	
	2016	2015
	(in thousands)	
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$107,784	$113,733
Interest cost	4,972	4,816
Plan amendments	—	827
Actuarial loss (gain)	1,794	(6,698)
Benefits paid	(3,235)	(4,894)
Projected benefit obligation at end of year	111,315	107,784
Change in plan assets:		
Plan assets at fair value at beginning of year	86,292	90,320
Actual return on plan assets	3,642	866
Employer contribution	—	—
Benefits paid	(3,235)	(4,894)
Plan assets at fair value at end of year	86,699	86,292
Funded status	$(24,616)	$(21,492)

Effective December 31, 2015, the Retirement Plan was amended to change the actuarial basis used for converting a life annuity benefit to optional forms of payment and converting benefits payable at age 65 to earlier commencement

dates. This prior service cost will be amortized over future years.

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The amounts recognized in other comprehensive income (loss) for the Retirement Plan for 2016, 2015 and 2014 were as follows:

	2016	2015	2014
	(in thousands)		
Unrecognized net (loss) gain from experience different from that assumed and effects of changes and assumptions	$(3,115)	$2,882	$(20,803)
Prior service cost	93	(895)	—
	(3,022)	1,987	(20,803)
Income tax (expense) benefit	(10)	(99)	232
Other comprehensive (loss) income	$(3,032)	$1,888	$(20,571)

The loss of $3.0 million recognized in 2016 primarily was due to expected earnings on plan assets exceeding actual earnings ($1.8 million) and changes in the discount rate and lump sum interest rates ($3.5 million), offset by changes in the mortality assumption ($1.7 million). The gain of $1.9 million recognized in 2015 primarily was due to changes in the discount rate and lump sum interest rates ($5.6 million) and changes in the mortality assumption ($1.4 million), offset by expected earnings on plan assets exceeding actual earnings ($5.3 million). The loss of $20.6 million recognized in 2014 primarily was due to changes in the discount rate ($12.0 million) and changes in the mortality assumption ($7.5 million).

Foreign retirement plans and an individual's retirement plan maintained by AB are not material to AB's consolidated financial statements. As such, disclosure for these plans is not necessary. The reconciliation of the 2016 amounts recognized in other comprehensive income for the Retirement Plan as compared to the consolidated statement of comprehensive income ("OCI Statement") is as follows:

	Retirement Plan	Retired Individual Plan	Foreign Retirement Plans	OCI Statement
	(in thousands)			
Recognized actuarial (loss) gain	$(3,115)	$ 22	$ 50	$(3,043)
Amortization of prior service cost	93	—	—	93
Changes in employee benefit related items	(3,022)	22	50	(2,950)
Income tax (expense) benefit	(10)	(1)	(11)	(22)
Employee benefit related items, net of tax	$(3,032)	$ 21	$ 39	$(2,972)

The amounts included in accumulated other comprehensive income (loss) for the Retirement Plan as of December 31, 2016 and 2015 were as follows:

	2016	2015
	(in thousands)	
Unrecognized net loss from experience different from that assumed and effects of changes and assumptions	$(46,430)	$(43,314)
Prior service cost	(803)	(895)
	(47,233)	(44,209)
Income tax benefit	457	468
Accumulated other comprehensive loss	$(46,776)	$(43,741)

The amortization period over which we are amortizing the loss for the Retirement Plan from accumulated other comprehensive income is 36 years. The estimated prior service cost and amortization of loss for the Retirement Plan that will be amortized from accumulated other comprehensive income over the next year are $23,959 and $1.1 million, respectively.

The accumulated benefit obligation for the plan was $111.3 million and $107.8 million, respectively, as of December 31, 2016 and 2015.

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The discount rates used to determine benefit obligations as of December 31, 2016 and 2015 (measurement dates) were 4.55% and 4.75%, respectively.

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

2017	$4,302
2018	5,545
2019	6,048
2020	5,109
2021	5,872
2022-2026	37,837

Net (benefit) expense under the Retirement Plan consisted of:

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Interest cost on projected benefit obligations	$4,972	$4,816	$4,895
Expected return on plan assets	(5,407)	(6,176)	(6,493)
Amortization of prior service cost	24	—	—
Recognized actuarial loss	959	979	490
Net pension (benefit) expense	$548	$(381)	$(1,108)

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

	Years Ended December 31,		
	2016	2015	2014
Discount rate on benefit obligations	4.75%	4.3%	5.3%
Expected long-term rate of return on plan assets	6.5	7.0	7.5

In developing the expected long-term rate of return on plan assets of 6.5%, management considered the historical returns and future expectations for returns for each asset category, as well as the target asset allocation of the portfolio. The expected long-term rate of return on assets is based on weighted average expected returns for each asset class.

As of December 31, 2016, the mortality projection assumption has been updated to use the generational MP-2016 improvement scale. Previously, mortality was projected generationally using the MP-2015 improvements scale. The base mortality assumption remains at the RP-2014 white-collar mortality table for males and females adjusted back to 2006 using the MP-2014 improvement scale.

It is expected that the Internal Revenue Service (“IRS”) will update the mortality tables used to determine lump sums. As the current IRS mortality tables have been published for plan years through 2017, updated tables will not be effective before 2018. For fiscal year-end 2016, we reflected current IRS tables through 2017. We assumed that the most recent mortality tables published by the Society of Actuaries will be adopted by the IRS for lump sum payments projected to begin in 2018 and later.

The Retirement Plan’s asset allocation percentages consisted of:

	December 31,	
	2016	2015
Equity	61 %	56 %
Debt securities	18	24
Other	21	20
	100%	100%

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

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

The valuation of our Retirement Plan assets by pricing observability levels as of December 31, 2016 and 2015 was as follows (in thousands):

	Level 1	Level 2	Level 3	Total
December 31, 2016:				
Cash	$344	$ —	$ —	$344
Fixed income mutual funds	21,441	—	—	21,441
Equity mutual fund	25,037	—	—	25,037
Equity securities	20,690	—	—	20,690
Total assets in the fair value hierarchy	67,512	—	—	67,512
Investments measured at net assets value	—	—	—	19,187
Investments at fair value	$67,512	$ —	$ —	$86,699
December 31, 2015:				
Cash	$445	$ —	$ —	$445
Fixed income mutual funds	21,555	—	—	21,555
Equity mutual fund	23,603	—	—	23,603
Equity securities	21,586	—	—	21,586
Total assets in the fair value hierarchy	67,189	—	—	67,189
Investments measured at net assets value	—	—	—	19,103
Investments at fair value	$67,189	$ —	$ —	$86,292

The Retirement Plan's investments include the following:

- two fixed income mutual funds, each of which seeks to generate income consistent with preservation of capital. One mutual fund invests in a portfolio of fixed income securities of U.S. and non-U.S. companies and U.S. and non-U.S. government securities and supranational entities, including lower-rated securities, while the second fund invests in a broad range of fixed income securities in both developed and emerging markets with a range of maturities from short- to long-term;
- three equity mutual funds, one of which invests primarily in a diversified portfolio of equity securities of small- to mid-capitalization U.S. companies, the second which invests primarily in a diversified portfolio of equity securities with relatively smaller capitalizations as compared to the overall U.S market, and the third which primarily invests in equity securities of small capitalization companies or other securities or instruments with similar economic characteristics;
- separate equity and fixed income mutual funds, which seek to moderate the volatility of equity and fixed income oriented asset allocation over the long term, as part of the overall asset allocation managed by AB;
- a multi-style, multi-cap integrated portfolio adding U.S. equity diversification to its value and growth equity selections, designed to deliver a long-term premium to the S&P 500 with greater consistency across a range of market environments; and

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- investments measured at net asset value, including two equity private investment trusts, one of which invests primarily in equity securities of non-U.S. companies located in emerging market countries, and the other of which invests in equity securities of established non-U.S. companies located in the countries comprising the MSCI EAFE Index, plus Canada; and a hedge fund that seeks to provide attractive risk-adjusted returns over full market cycles with less volatility than the broad equity markets by allocating all or substantially all of its assets among portfolio managers through portfolio funds that employ a broad range of investment strategies.

17. Long-term Incentive Compensation Plans

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

Under the Incentive Compensation Program, we made awards in 2016, 2015 and 2014 aggregating $157.8 million, $178.8 million and $176.5 million, respectively. The amounts charged to employee compensation and benefits for the years ended December 31, 2016, 2015 and 2014 were $153.8 million, $171.7 million and $173.2 million, respectively.

Effective as of July 1, 2010, we established the AllianceBernstein 2010 Long Term Incentive Plan, as amended ("2010 Plan"), which was adopted by AB Holding Unitholders at a special meeting of AB Holding Unitholders held on June 30, 2010. Since the 2010 Plan was adopted, the following forms of awards have been available for grant to employees and Eligible Directors: (i) restricted AB Holding Units or phantom restricted AB Holding Units (a "phantom" award is a contractual right to receive AB Holding Units at a later date or upon a specified event); (ii) options to buy AB Holding Units; and (iii) other AB Holding Unit-based awards (including, without limitation, AB Holding Unit appreciation rights and performance awards). The purpose of the 2010 Plan is to promote the interest of AB by: (i) attracting and retaining talented officers, employees and directors, (ii) motivating such officers, employees and directors by means of performance-related incentives to achieve longer-range business and operational goals, (iii) enabling such officers, employees and directors to participate in the long-term growth and financial success of AB, and (iv) aligning the interests of such officers, employees and directors with those of AB Holding Unitholders. The 2010 Plan will expire on June 30, 2020, and no awards under the 2010 Plan will be made after that date. Under the 2010 Plan, the aggregate number of AB Holding Units with respect to which awards may be granted is 60 million, including no more than 30 million newly-issued AB Holding Units.

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

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

The 2010 Plan was further amended by the Board in May 2012, when the Board authorized management to reacquire on the open market or otherwise all 60 million AB Holding Units available for awards under the 2010 Plan (less one AB Holding Unit for every newly-issued AB Holding Unit already awarded under the 2010 Plan), while maintaining the 30 million AB Holding Unit limitation on newly-issued AB Holding Units available for awards under the 2010 Plan.

As of December 31, 2016, 356,989 options to buy AB Holding Units had been granted and 51,944,758 AB Holding Units, net of forfeitures, were subject to other AB Holding Unit awards made under the 2010 Plan or an equity compensation plan with similar terms that expired in 2010. AB Holding Unit-based awards (including options) in respect of 7,698,253 AB Holding Units were available for grant as of December 31, 2016. We intend to seek approval from our unitholders in 2017 for a new long-term incentive plan.

Options granted to employees generally are exercisable at a rate of 20% of the AB Holding Units subject to such options on each of the first five anniversary dates of the date of grant; options granted to Eligible Directors generally are exercisable at a rate of 33.3% of the AB Holding Units subject to such options on each of the first three anniversary dates of the date of grant. Restricted AB Holding Units awarded to our CEO pursuant to his employment agreements (as described below under "Restricted AB Holding Unit Awards") vest ratably over his employment term. Restricted AB Holding Units awarded under the

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Incentive Compensation Program vest 25% on December 1st of each of the four years immediately subsequent to the year in which the award is granted.

Option Awards

Options to buy AB Holding Units (including grants to Eligible Directors) were granted as follows: 54,546 options were granted during 2016, 29,056 options were granted during 2015 and 25,106 options were granted during 2014. The weighted average fair value of options to buy AB Holding Units granted during 2016, 2015 and 2014 was $2.75, $4.13 and $4.78, respectively, on the date of grant, determined using the Black-Scholes option valuation model with the following assumptions:

	2016	2015	2014
Risk-free interest rate	1.3 %	1.5 %	1.5 %
Expected cash distribution yield	7.1 %	7.1 %	8.4 %
Historical volatility factor	31.0 %	32.1 %	48.9 %
Expected term	6.0 years	6.0 years	6.0 years

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

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The activity in our option plan during 2016 is as follows:

	Options to Buy AB Holding Units	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2015	5,398,471	$ 47.59	2.9	
Granted	54,546	22.64		
Exercised	(358,262)	17.05		
Forfeited	—	—		
Expired	(9,712)	65.02		
Outstanding as of December 31, 2016	5,085,043	49.45	2.0	$ —
Exercisable as of December 31, 2016	4,700,909	47.58	1.9	—
Vested or expected to vest as of December 31, 2016	5,085,043	49.45	2.0	—

The aggregate intrinsic value as of December 31, 2016 of options outstanding, exercisable and expected to vest is negative, and is therefore presented as zero in the table above. The total intrinsic value of options exercised during 2016, 2015 and 2014 was $2.1 million, $7.0 million and $9.1 million, respectively.

Under the fair value method, compensation expense is measured at the grant date based on the estimated fair value of the options awarded (determined using the Black-Scholes option valuation model) and is recognized over the required service period. We recorded compensation expense (credit) relating to option grants of $0.2 million, $0.1 million and $(0.3) million, respectively, for the years ended December 31, 2016, 2015 and 2014. As of December 31, 2016, there was no compensation expense related to unvested option grants not yet recognized in the consolidated statement of income.

Restricted AB Holding Unit Awards

In 2016, 2015 and 2014, the Board granted restricted AB Holding Unit awards to Eligible Directors. These AB Holding Units give the Eligible Directors, in most instances, all the rights of other AB Holding Unitholders subject to such restrictions on transfer as the Board may impose. We awarded 46,382, 26,468 and 31,320 restricted AB Holding Units, respectively, in 2016, 2015 and 2014 with grant date fair values per restricted AB Holding Unit of $22.64 in 2016, $31.74 in 2015 and $22.99 in 2014. All of the restricted AB Holding Units are delivered as soon as administratively feasible after the third anniversary of grant date or sooner if a director leaves the Board for any reason other than “cause”, as defined in the applicable award agreement. We fully expensed these awards on each grant date, as there is no service requirement. We recorded compensation expense relating to these awards of $1.1 million, $0.8 million and $0.7 million, respectively, for the years ended December 31, 2016, 2015 and 2014.

In connection with the commencement of Mr. Kraus’s employment as our Chief Executive Officer ("CEO") on December 19, 2008, he was granted 2.7 million restricted AB Holding Units with a grant date fair value per Unit of $19.20. Mr. Kraus’s restricted AB Holding Units vested ratably on each of the first five anniversaries of December 19, 2008, commencing December 19, 2009, subject to his continued employment by AB on the vesting dates. During June 2012, Mr. Kraus entered into an agreement (“Kraus Employment Agreement”) pursuant to which Mr. Kraus continues to serve as our CEO. The Kraus Employment Agreement commenced on January 3, 2014 and terminates on January 2, 2019 (“Employment Term”), unless it is terminated earlier in accordance with its terms. In connection with the signing of the Kraus Employment Agreement, Mr. Kraus was granted an additional 2.7 million restricted AB Holding Units, vesting ratably over the Employment Term. Under US GAAP, the compensation expense for the AB Holding Unit award under the Kraus Employment Agreement of $33.1 million (based on the $12.17 grant date AB Holding Unit price) must be amortized on a straight-line basis over 6.5 years, beginning on the grant date. We recorded compensation expense relating to the CEO restricted AB Holding Unit grants of $5.1 million for each of the years ended December 31, 2016, 2015 and 2014.

Under the Incentive Compensation Program, we awarded 6.1 million restricted AB Holding Units in 2016 (substantially all of which were restricted AB Holding Units in December for the 2016 year-end awards as well as minimal restricted AB Holding Units granted during the year relating to the 2015 year-end awards), 7.2 million restricted AB Holding Units in 2015 (which included 7.0 million restricted AB Holding Units in December for the 2015 year-end awards and 0.2 million additional restricted AB Holding Units granted during the year relating to the 2014 year-end awards) and 6.8 million restricted AB Holding Units in 2014 (which included 6.6 million restricted AB Holding Units in December for the 2014 year-end awards and

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0.2 million additional restricted AB Holding Units granted during the year relating to the 2013 year-end awards) with grant date fair values per restricted AB Holding Unit of $19.45 and $23.20 in 2016, $23.02 and $24.24 in 2015 and $21.67 and $24.24 in 2014.

We also award restricted AB Holding Units in connection with certain employment and separation agreements with vesting schedules ranging between two and five years. The fair value of the restricted AB Holding Units is amortized over the required service period as employee compensation expense. We awarded 1.0 million, 0.2 million and 0.7 million restricted AB Holding Units in 2016, 2015 and 2014, respectively, with grant date fair values per restricted AB Holding Unit ranging between $18.67 and $25.34 in 2016, $25.36 and $32.71 in 2015 and $21.07 and $27.40 in 2014. We recorded compensation expense relating to restricted AB Holding Unit grants in connection with certain employment and separation agreements of $11.2 million, $9.9 million and $13.2 million, respectively, for the years ended December 31, 2016, 2015 and 2014.

Changes in unvested restricted AB Holding Units during 2016 are as follows:

	AB Holding Units	Weighted Average Grant Date Fair Value per AB Holding Unit
Unvested as of December 31, 2015	19,779,814	$ 22.05
Granted	7,085,482	23.14
Vested	(7,384,528)	21.58
Forfeited	(334,727)	24.05
Unvested as of December 31, 2016	19,146,041	22.60

The total grant date fair value of restricted AB Holding Units that vested during 2016, 2015 and 2014 was $159.4 million, $156.4 million and $170.9 million, respectively. As of December 31, 2016, the 19,146,041 unvested restricted AB Holding Units consist of 16,272,607 restricted AB Holding Units that do not have a service requirement and have been fully expensed on the grant date and 2,873,434 restricted AB Holding Units that have a service requirement and will be expensed over the required service period. As of December 31, 2016, there was $39.1 million of compensation expense related to unvested restricted AB Holding Unit awards granted and not yet recognized in the consolidated statement of income. We expect to recognize the expense over a weighted average period of 2.6 years.

18. Units Outstanding

Changes in AB Units outstanding for the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Outstanding as of January 1,	272,301,827	273,040,452
Options exercised	358,262	541,073
Units issued	4,455,944	4,600,583
Units retired	(8,222,499)	(5,880,281)
Outstanding as of December 31,	268,893,534	272,301,827

During 2016 and 2015, we purchased 15,998 and 26,111 AB Units, respectively, in private transactions and retired them.

19. Income Taxes

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

In order to preserve AB's status as a private partnership for federal income tax purposes, AB Units must not be considered publicly traded. The AB Partnership Agreement provides that all transfers of AB Units must be approved by AXA Equitable Life Insurance Company (a subsidiary of AXA, "AXA Equitable") and the General Partner; AXA Equitable and the General Partner approve only those transfers permitted pursuant to one or more of the safe harbors contained in relevant treasury regulations. If AB Units were considered readily tradable, AB's net income would be subject to federal and state corporate

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income tax, significantly reducing its quarterly distributions to AB Holding. Furthermore, should AB enter into a substantial new line of business, AB Holding, by virtue of its ownership of AB, would lose its status as a "grandfathered" publicly-traded partnership and would become subject to corporate income tax, which would reduce materially AB Holding's net income and its quarterly distributions to AB Holding Unitholders.

Earnings before income taxes and income tax expense consist of:

	Years Ended December 31,		
	2016	2015	2014
	(in thousands)		
Earnings before income taxes:			
United States	$614,261	$520,282	$493,311
Foreign	108,904	110,817	115,310
Total	$723,165	$631,099	$608,621
Income tax expense:			
Partnership UBT	$5,363	$8,027	$10,042
Corporate subsidiaries:			
Federal	291	7,957	12,464
State and local	1,064	661	1,372
Foreign	28,158	26,822	31,273
Current tax expense	34,876	43,467	55,151
Deferred tax (benefit)	(6,557)	1,330	(10,847)
Income tax expense	$28,319	$44,797	$44,304

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

	Years Ended December 31,					
	2016		2015		2014	
	(in thousands)					
UBT statutory rate	$28,927	4.0 %	$25,244	4.0 %	$24,345	4.0 %
Corporate subsidiaries' federal, state, local and foreign income taxes	17,907	2.5	31,223	4.9	30,353	5.0
Effect of ASC 740 adjustments, miscellaneous taxes, and other	(1,070)	(0.2)	2,965	0.5	3,393	0.6
Income not taxable resulting from use of UBT business apportionment factors	(17,445)	(2.4)	(14,635)	(2.3)	(13,787)	(2.3)
Income tax expense and effective tax rate	$28,319	3.9	$44,797	7.1	$44,304	7.3

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

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

	Years Ended December 31,		
	2016	2015	2014
	(in thousands)		
Balance as of beginning of period	$12,004	$11,311	$2,975
Additions for prior year tax positions	—	—	2,838
Reductions for prior year tax positions	—	—	—
Additions for current year tax positions	592	693	5,498
Reductions for current year tax positions	—	—	—
Reductions related to closed years/settlements with tax authorities	—	—	—
Balance as of end of period	$12,596	$12,004	$11,311

The amount of unrecognized tax benefits as of December 31, 2016, 2015 and 2014, when recognized, is recorded as a reduction to income tax expense and reduces the company's effective tax rate.

Interest and penalties, if any, relating to tax positions are recorded in income tax expense on the consolidated statements of income. The total amount of interest expense (credit) recorded in income tax expense during 2016, 2015 and 2014 was $0.7 million, $0.4 million and $0.4 million, respectively. The total cumulative amount of accrued interest payable recorded on the consolidated statements of financial condition as of December 31, 2016, 2015 and 2014 were $1.7 million, $1.0 million and $0.6 million, respectively. There were no accrued penalties as of December 31, 2016, 2015 or 2014.

Generally, the company is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for any year prior to 2013, except that, during the third quarter of 2014, the City of New York notified us of an examination of AB's UBT returns for the years 2010 and 2011. The examination is ongoing.

Currently, there are no income tax examinations at our significant non-U.S. subsidiaries. Years that remain open and may be subject to examination vary under local law, and range from one to seven years.

At December 31, 2016, it is reasonably possible that $6.6 million of our unrecognized tax benefits will change within the next twelve months due to completion of tax authority exams.

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

	December 31,	
	2016	2015
	(in thousands)	
Deferred tax asset:		
Differences between book and tax basis:		
Benefits from net operating loss carryforwards	$6,066	$18,887
Long-term incentive compensation plans	15,468	17,092
Other, primarily accrued expenses deductible when paid	16,730	18,490
	38,264	54,469
Less: valuation allowance	(462)	(13,709)
Deferred tax asset	37,802	40,760
Deferred tax liability:		
Differences between book and tax basis:		
Intangible assets	6,302	6,520
Translation adjustment	—	8,220
Other	1,960	766
Deferred tax liability	8,262	15,506
Net deferred tax asset	$29,540	$25,254

Valuation allowances of $0.5 million and $13.7 million are established as of December 31, 2016 and 2015, respectively, primarily due to the uncertainty of realizing certain net operating loss (“NOL”) carryforwards given the future losses expected to be incurred by the applicable subsidiaries. We had NOL carryforwards at December 31, 2016 of approximately $52.9 million in certain foreign locations with an indefinite expiration period. As of December 31, 2015, we had NOL carryforwards of approximately $80.9 million in certain foreign locations with an indefinite expiration period and $135.7 million in certain domestic locations with expiration periods between 15 and 20 years. The deferred tax asset is included in other assets. Management has determined that realization of the net deferred tax asset is more likely than not based on anticipated future taxable income.

We provide income taxes on the undistributed earnings of non-U.S. corporate subsidiaries except to the extent that such earnings are permanently invested outside the United States. As of December 31, 2016, $683.0 million of accumulated undistributed earnings of non-U.S. corporate subsidiaries that has not been taxed in the U.S. were permanently invested outside the U.S. At existing applicable income tax rates, additional taxes of approximately $54.8 million, net of foreign tax credits, would need to be provided if such earnings were remitted.

20. Business Segment Information

Management has assessed the requirements of ASC 280, Segment Reporting, and determined that, because we utilize a consolidated approach to assess performance and allocate resources, we have only one operating segment. Enterprise-wide disclosures as of and for the years ended December 31, 2016, 2015 and 2014 were as follows:

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Services

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

	Years Ended December 31,		
	2016	2015	2014
	(in thousands)		
Institutions	$422,060	$435,205	$434,081
Retail	1,261,907	1,362,541	1,397,135
Private Wealth Management	711,599	689,853	664,324
Bernstein Research Services	479,875	493,463	482,538
Other	162,461	42,986	29,714
Total revenues	3,037,902	3,024,048	3,007,792
Less: Interest expense	9,123	3,321	2,426
Net revenues	$3,028,779	$3,020,727	$3,005,366

Our AllianceBernstein Global High Yield Portfolio, an open-end fund incorporated in Luxembourg (ACATEUH: LX), generated approximately 10%, 11% and 12% of our investment advisory and service fees and 10%, 12% and 13% of our net revenues during 2016, 2015 and 2014, respectively.

Geographic Information

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

	2016	2015	2014
	(in thousands)		
Net revenues:			
United States	$1,901,571	$1,829,518	$1,779,422
International	1,127,208	1,191,209	1,225,944
Total	$3,028,779	$3,020,727	$3,005,366
Long-lived assets:			
United States	$3,388,221	$3,410,491	
International	36,539	39,456	
Total	$3,424,760	$3,449,947	

Major Customers

Company-sponsored mutual funds are distributed to individual investors through broker-dealers, insurance sales representatives, banks, registered investment advisers, financial planners and other financial intermediaries. Certain subsidiaries of AXA, including AXA Advisors, LLC, have entered into selected dealer agreements with AllianceBernstein Investments and have been responsible for 2%, 4% and 3% of our open-end mutual fund sales in 2016, 2015 and 2014, respectively. HSBC was responsible for approximately 12% of our open-end mutual fund sales in 2016. UBS AG was responsible for approximately 8% and 11% of our open-end mutual fund sales in 2015 and 2014, respectively. Neither AXA, HSBC or UBS AG is under any obligation to sell a specific amount of AB Fund shares and each also sells shares of mutual funds that it sponsors and that are sponsored by unaffiliated organizations. AXA and the general and separate accounts of AXA Equitable (including investments by the separate accounts of AXA Equitable in the funding vehicle EQ Advisors Trust) accounted for approximately 5% of our total revenues for each of the years ended December 31, 2016, 2015 and 2014. No single institutional client other than AXA and its subsidiaries accounted for more than 1% of our total revenues for the years ended December 31, 2016, 2015 and 2014.

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21. Related Party Transactions

Mutual Funds

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

	Years Ended December 31,		
	2016	2015	2014
	(in thousands)		
Investment advisory and services fees	$998,892	$1,056,227	$1,061,677
Distribution revenues	371,604	415,380	433,063
Shareholder servicing fees	76,201	85,207	91,020
Other revenues	6,253	4,939	6,694
Bernstein Research Services	5	4	13

Also, we have receivables from AB mutual funds recorded in our consolidated statements of financial condition of $165.1 million and $160.7 million as of December 31, 2016 and 2015, respectively.

AXA and its Subsidiaries

We provide investment management and certain administration services to AXA and its subsidiaries. In addition, AXA and its subsidiaries distribute company-sponsored mutual funds, for which they receive commissions and distribution payments. Sales of company-sponsored mutual funds through AXA and its subsidiaries aggregated approximately $0.8 billion, $1.1 billion and $1.1 billion for the years ended December 31, 2016, 2015 and 2014, respectively. Also, we are covered by various insurance policies maintained by AXA and its subsidiaries and we pay fees for technology and other services provided by AXA and its subsidiaries. Aggregate amounts included in the consolidated financial statements for transactions with AXA and its subsidiaries, as of and for the years ended December 31, are as follows:

	2016	2015	2014
	(in thousands)		
Revenues:			
Investment advisory and services fees	$150,016	$149,035	$131,317
Bernstein Research Services	583	694	958
Distribution revenues	12,145	11,541	11,590
Other revenues	969	912	1,066
	$163,713	$162,182	$144,931
Expenses:			
Commissions and distribution payments to financial intermediaries	$16,077	$16,140	$16,255
General and administrative	16,315	17,680	20,176
Other	1,653	1,483	1,457
	$34,045	$35,303	$37,888
Balance Sheet:			
Institutional investment advisory and services fees receivable	$11,826	$12,622	
Prepaid expenses	1,461	1,431	
Other due to AXA and its subsidiaries	(5,325)	(6,231)	
	$7,962	$7,822	

AllianceBernstein Venture Fund I, L.P. was launched during 2006. It seeks to achieve its investment objective, which is long-term capital appreciation through equity and equity-related investments, by acquiring early-stage growth companies in private transactions. One of our subsidiaries is the general partner of the fund and, as a result, the fund is

included in our consolidated financial statements, with approximately $32.7 million and $23.9 million of investments in the consolidated statements of financial condition as of December 31, 2016 and 2015, respectively. AXA Equitable holds a 10% limited partnership interest in this fund.

We maintain an unfunded, non-qualified long-term incentive compensation plan known as the Capital Accumulation Plan and also have assumed obligations under contractual unfunded long-term incentive compensation arrangements covering certain former executives (“Contractual Arrangements”). The Capital Accumulation Plan was frozen on December 31, 1987, since which date no additional awards have been made. The Board may terminate the Capital Accumulation Plan at any time without cause, in which case our liability would be limited to benefits that have vested. Payment of vested benefits under both the Capital Accumulation Plan and the Contractual Arrangements generally will be made over a ten-year period commencing at retirement age. The General Partner is obligated to make capital contributions to AB in amounts equal to benefits paid under the Capital Accumulation Plan and the Contractual Arrangements. Amounts paid by the General Partner to AB for the Capital Accumulation Plan and the Contractual Arrangements for the years ended December 31, 2016, 2015 and 2014 were $1.2 million, $1.6 million and $2.3 million, respectively.

Other Related Parties

The consolidated statements of financial condition include a net receivable from AB Holding as a result of cash transactions for fees and expense reimbursements. The net receivable balance included in the consolidated statements of financial condition as of December 31, 2016 and 2015 was $12.0 million and $12.1 million, respectively.

22. Acquisitions

Acquisitions are accounted for under ASC 805, Business Combinations.

On September 23, 2016, we acquired a 100% ownership interest in Ramius Alternative Solutions LLC ("RASL"), a global alternative investment management business that, as of the acquisition date, had approximately $2.5 billion in AUM. RASL offers a range of customized alternative investment and advisory solutions to a global institutional client base. On the acquisition date, we made a cash payment of $20.5 million and recorded a contingent consideration payable of $11.9 million based on projected fee revenues over a five-year measurement period. The excess of the purchase price over the current fair value of identifiable net assets acquired resulted in the recognition of $21.9 million of goodwill. We recorded $10.0 million of definite-lived intangible assets relating to investment management contracts.

On June 20, 2014, we acquired an 81.7% ownership interest in CPH Capital Fondsmaeglerselskab A/S (“CPH”), a Danish asset management firm that managed approximately $3 billion in global core equity assets for institutional investors, for a cash payment of $64.4 million and a contingent consideration payable of $9.4 million based on projected assets under management levels over a three-year measurement period. The excess of the purchase price over the fair value of identifiable assets acquired resulted in the recognition of $58.1 million of goodwill. We recorded $24.1 million of definite-lived intangible assets relating to separately-managed account relationships and $3.5 million of indefinite-lived intangible assets relating to an acquired fund’s investment contract. We also recorded redeemable non-controlling interests of $16.5 million relating to the fair value of the portion of CPH we did not own. During 2015 and 2016, we purchased additional shares of CPH, bringing our ownership interest to 90.4% as of December 31, 2016. The 2016 and 2014 acquisitions have not had a significant impact on 2016 or 2015 revenues and earnings. As a result, we have not provided supplemental pro forma information.

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23. Non-controlling Interests
As discussed in Note 2, we adopted ASU 2015-02 effective January 1, 2016. As a result, we are disclosing below the components of non-controlling interest.
Non-controlling interest in net income for the years ended December 31, 2016, 2015 and 2014 consisted of the following:

	2016	2015	2014
	(in thousands)		
Consolidated VIEs	$21,176	$—	$—
Consolidated private equity fund	—	5,940	487
Other	312	435	(31)
Total non-controlling interest in net income (loss)	$21,488	$6,375	$456

Non-redeemable non-controlling interest as of December 31, 2016 and 2015 consisted of the following:

	2016	2015
	(in thousands)	
Consolidated VIEs	$34,622	$—
Consolidated private equity fund	—	23,171
Other	1,550	1,302
Total non-redeemable non-controlling interest	$36,172	$24,473

Redeemable non-controlling interest as of December 31, 2016 and 2015 consisted of the following:

	2016	2015
	(in thousands)	
Consolidated VIEs	$384,294	$—
CPH Capital Fondsmaeglerselskab A/S acquisition	8,665	13,203
Total redeemable non-controlling interest	$392,959	$13,203

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24. Quarterly Financial Data (Unaudited)

	Quarters Ended 2016			
	December 31	September 30	June 30[4]	March 31[4]
	(in thousands, except per unit amounts)			
Net revenues	$786,256	$747,591	$725,806	$769,126
Net income attributable to AB Unitholders	$224,538	$158,035	$124,501	$166,284
Basic net income per AB Unit[1]	$0.83	$0.58	$0.46	$0.61
Diluted net income per AB Unit[1]	$0.83	$0.58	$0.46	$0.60
Cash distributions per AB Unit[2][3]	$0.73	$0.51	$0.46	$0.45
	Quarters Ended 2015			
	December 31[4]	September 30[4]	June 30[4]	March 31[4]
	(in thousands, except per unit amounts)			
Net revenues	$726,726	$738,693	$792,737	$762,571
Net income attributable to AB Unitholders	$159,394	$133,308	$147,425	$139,800
Basic net income per AB Unit[1]	$0.59	$0.49	$0.53	$0.51
Diluted net income per AB Unit[1]	$0.58	$0.48	$0.53	$0.51
Cash distributions per AB Unit[2][3]	$0.56	$0.50	$0.54	$0.51

(1) Basic and diluted net income per unit are computed independently for each of the periods presented. Accordingly, the sum of the quarterly net income per unit amounts may not agree to the total for the year.
(2) Declared and paid during the following quarter.
(3) Cash distributions reflect the impact of our non-GAAP adjustments.
(4) Certain prior-period amounts have been revised, see Note 2 for a discussion of the revision.

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

Neither AB nor AB Holding had any changes in or disagreements with accountants in respect of accounting or financial disclosure.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

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

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

Management's Report on Internal Control Over Financial Reporting

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

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

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

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

Management assessed the effectiveness of AB Holding's and AB's internal control over financial reporting as of December 31, 2016. In making its assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013) ("COSO criteria").

Based on its assessment, management concluded that, as of December 31, 2016, each of AB Holding and AB maintained effective internal control over financial reporting based on the COSO criteria.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the 2016 financial statements included in this Form 10-K, has issued an attestation report on the effectiveness of each of AB Holding's and AB's internal control over financial reporting as of December 31, 2016. These reports can be found in Item 8.

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Changes in Internal Control Over Financial Reporting

No changes in our internal control over financial reporting occurred during the fourth quarter of 2016 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Both AB and AB Holding reported all information required to be disclosed on Form 8-K during the fourth quarter of 2016.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

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

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

General Partner

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

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

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

Board of Directors

Our Board currently consists of 11 members, including our CEO, two senior executives of AXA and certain of its subsidiaries, and eight independent directors. While we do not have a formal, written diversity policy in place, we believe that an effective board consists of a diverse group of individuals who collectively possess a variety of complementary skills and perspectives and who will work together to provide a board with the needed leadership and experience to successfully guide our company. As set forth in its charter, the Corporate Governance Committee of the Board (“Governance Committee”) assists the Board in identifying and evaluating such candidates, determining Board composition, developing and monitoring a process to assess Board effectiveness, developing and implementing corporate governance guidelines, and reviewing programs relating to matters of corporate responsibility.

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

As of February 14, 2017, our directors are as follows:

Peter S. Kraus
Mr. Kraus, age 64, was elected Chairman of the Board and CEO in December 2008. Mr. Kraus has in-depth experience in financial services, including investment banking, asset management and private wealth management.

From September 2008 through December 2008, he served as an executive vice president, the head of global strategy and a member of the Management Committee of Merrill Lynch & Company Inc. ("Merrill Lynch"). Prior to joining Merrill Lynch, Mr. Kraus spent 22 years with Goldman Sachs Group Inc. ("Goldman Sachs"), where he most recently served as co-head of the Investment Management Division and a member of the Management Committee, as well as head of firm-wide strategy and chairman of the Strategy Committee. Mr. Kraus also served as a co-head of the Financial Institutions Group. He was named a partner at Goldman Sachs in 1994 and managing director in 1996.

Mr. Kraus is also Chairman of the Investment Committee of Trinity College, Chairman of the Board of Overseers of the California Institute of the Arts, Co-Chair of the Friends of Carnegie International, a member of the Board of Directors of Lincoln Center for the Performing Arts and the Chairman of Lincoln Center's Art Committee, a member of the Board of Camp

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Keewaydin, and a member of the Board of Young Audiences, Inc., a non-profit organization that works with educational systems, the arts community and private and public sectors to provide arts education to children.

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

Christopher M. Condron
Mr. Condron, age 69, was elected a Director of the General Partner in May 2001. Effective January 1, 2011, he retired as Director, CEO and President of AXA Financial, a post he had held since May 2001. Prior to retiring, he was also Chairman of the Board, CEO and President of AXA Equitable and a member of the Management Committee of AXA. Prior to joining AXA Financial, Mr. Condron served as both President and Chief Operating Officer ("COO") of Mellon Financial Corporation (“Mellon”), from 1999, and as Chairman and CEO of The Dreyfus Corporation, a subsidiary of Mellon, from 1995. Mr. Condron sits on the board of directors and the executive committee, and serves as chairman of the compensation committee, of The American Ireland Fund.

Mr. Condron brings to the Board extensive financial services, insurance and sales experience obtained throughout his career.

Denis Duverne
Mr. Duverne, age 63, was elected a Director of the General Partner in February 1996. On September 1, 2016, he was appointed Chairman of the Board of AXA after having served as Deputy CEO of AXA and a member of the Board of Directors of AXA since April 2010, when AXA changed its governance structure. Mr. Duverne was a member of the AXA Management Board from February 2003 through April 2010. He was CFO of AXA from May 2003 through December 2009. From January 2000 to May 2003, Mr. Duverne served as Group Executive Vice President-Finance, Control and Strategy. Mr. Duverne joined AXA as Senior Vice President in 1995. He is a director of AXA Financial, AXA Equitable and various other privately-held subsidiaries and affiliates of the AXA Group.

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

Steven G. Elliott
Mr. Elliott, age 70, was elected a Director of the General Partner in January 2011. Until his retirement in December 2010, Mr. Elliott had served as Senior Vice Chairman of The Bank of New York Mellon (“BNY Mellon”) since 1998. In this role, he helped oversee numerous company-wide growth initiatives and co-headed the integration of The Bank of New York and Mellon from 2007 to 2009. Mr. Elliott was CFO of Mellon from 1990 to 2002 and Head of Finance from 1987 to 1990, while also leading some of Mellon’s diverse lines of business, including asset servicing, securities lending, global cash management and institutional banking. Before joining Mellon, he held senior positions at First Commerce Corporation (1986-87), Crocker National Bank (1984-86), Continental Illinois National Bank (1977-84) and United California Bank (1974-77). Since January 2011, he has been a member of the boards of directors of Huntington Bancshares Inc. (NASDAQ: HBAN) and PPL Corporation (NYSE: PPL). Since April 2011, he has served as Chairman of Huntington Bancshares’s risk oversight committee and, since January 2012, he has served as chairman of PPL Corporation’s audit committee. Mr. Elliott served as a director of Mellon (NYSE: MEL) from 2001 to the July 2007 merger with The Bank of New York and then as a director of BNY Mellon (NYSE: BK) through July 2008.

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

Deborah S. Hechinger

Ms. Hechinger, age 66, was elected a Director of the General Partner in May 2007. For the past nine years, she has been an independent consultant on non-profit governance. From 2003 to 2007, she was President and CEO of BoardSource ("BoardSource"), a leading governance resource for non-profit organizations. From 2004 to 2007, Ms. Hechinger also served as co-convener of the Governance and Fiduciary Responsibilities work group, one of the five groups established by the Panel on the Nonprofit Sector to make recommendations to Congress on ways to improve the governance and accountability of non-profit organizations. Prior to joining BoardSource, Ms. Hechinger was the Executive Vice President of the World Wildlife Fund, a large, global conservation organization, where she oversaw all fundraising, communication and operations activities. She also has served as a Deputy Comptroller and as Director of the Securities and Corporate Practices Division at the Office of the Comptroller of the Currency and has held senior executive positions in the Division of Enforcement at the SEC.

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

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Weston M. Hicks
Mr. Hicks, age 60, was elected a Director of the General Partner in July 2005. He has been a director and the President and CEO of Alleghany Corporation (NYSE: Y, "Alleghany"), an insurance and diversified financial services holding company, since December 2004 and was Executive Vice President of Alleghany from October 2002 until December 2004. From March 2001 through October 2002, Mr. Hicks was Executive Vice President and CFO of The Chubb Corporation. Prior to joining Chubb, he was an equity research analyst with Bernstein Research Services. Also, in February 2016, Mr. Hicks joined the Investment Committee of The New York Community Trust ("NYCT"), a community foundation that manages a $2.5 billion endowment and annually grants more than $150 million to non-profit organizations.

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

Heidi S. Messer
Ms. Messer, age 47, was elected a Director of the General Partner in February 2015. Since 2007, she has served as Co-Founder and Chairman of Cross Commerce Media, host to Collective[i], a network that uses artificial intelligence to transform "Big Data" into insights and intelligence that is delivered by applications designed for business-to-business sales and other business users. In addition, Ms. Messer has served as Co-Founder and CEO of World Evolved, a platform for global investment and expansion, and she also is one of the founding members of the Zokei Network, a global network that encourages innovation across art, science, business and technology. Ms. Messer serves on the board of Partnership Fund for New York City, the board and the Operating Committee of the Brown Entrepreneurship Program, and the advisory board of the Department of Physics and Astronomy at Johns Hopkins. A graduate of Harvard Law School, Ms. Messer has been a member in good standing of the New York Bar Association since 1997.

Ms. Messer brings to the Board extensive technology, investment and executive experience achieved through her roles in the formation and management of various technology companies.

Mark Pearson
Mr. Pearson, age 58, was elected a Director of the General Partner in February 2011. Also during February 2011, he succeeded Mr. Condron as Director, CEO and President of AXA Financial, and as Chairman and CEO of AXA Equitable. In September 2013, Mr. Pearson became President of AXA Equitable. In addition, he is a member of AXA's current Management Committee, as established in July 2016.

Mr. Pearson joined AXA in 1995 when AXA acquired National Mutual Funds Management Limited (presently AXA Asia Pacific Holdings Limited) and was appointed Regional Chief Executive of AXA Asia Life in 2001. In 2008, Mr. Pearson was named President and CEO of AXA Japan Holding Co., Ltd. ("AXA Japan"). Prior to joining AXA, Mr. Pearson spent approximately 20 years in the insurance sector, holding several senior management positions at National Mutual Holdings and Friends Provident.

Mr. Pearson brings to the Board the diverse financial services experience he has developed through his service as an executive, including as CEO, with AXA Financial, AXA Japan and other AXA affiliates.

Scott A. Schoen
Mr. Schoen, age 58, was elected a Director of the General Partner in July 2013. He has served as CEO of Baylon Capital Partners, L.P. ("Baylon"), a private family investment office, since April 2013. In addition, Mr. Schoen has served as a Senior Advisor to Thomas Lee Partners, L.P. ("THL"), a private equity firm, since 2012 and, prior thereto, held various senior management roles with THL, including Vice Chairman from 2010 to 2011, Co-President from

2003 to 2009 and Senior Managing Director from 1998 to 2003. Mr. Schoen began his career in the investment banking group at Goldman Sachs. He serves as chairman of the board of trustees of Partners Continuing Care and Spaulding Rehabilitation Hospital, a member of the board of trustees of Partners Healthcare System, a member of the President's Council of Massachusetts General Hospital, and a director of Share Our Strength.

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

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Lorie A. Slutsky
Ms. Slutsky, age 64, was elected a Director of the General Partner in July 2002. Since January 1990, she has been President and CEO of NYCT. From 2010 to 2015, Ms. Slutsky served in various capacities at Independent Sector, including board member, Treasurer and Secretary, and also co-chaired its National Panel on the Non-Profit Sector, which focused on reducing abuse and improving governance practices at non-profit organizations. She served on the Board of Directors of BoardSource from 1999 to 2008 and served as its Chair from 2005 to 2007. Ms. Slutsky served as Trustee and Chair of the Budget Committee of Colgate University from 1989 to 1997 and as a member of the Council on Foundations from 1989 to 1995, for which she also served as Chair from 1993 to 1995. She has been a Director of AXA Financial, AXA Equitable and MONY Life Insurance Company of America ("MLOA") since September 2006. In addition, Ms. Slutsky was a member of AXA Financial's Audit Committee from 2006 through 2010. She has been a member of AXA Financial's Organization and Compensation Committee since 2006 and was elected Chair of the Organization and Compensation Committee in February 2012.

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

Joshua A. Weinreich
Mr. Weinreich, age 56, was elected a Director of the General Partner in July 2013. A career finance executive, Mr. Weinreich retired in 2004 after 20 years with Bankers Trust/Deutsche Bank where he held numerous positions, including Global Head of Hedge Funds, CEO of Deutsche Asset Management, Americas, and Chief Investment Officer and Co-Head of Bankers Trust Private Bank. He plays key roles on several boards, which roles currently include Chairman of the Board of the Community FoodBank of New Jersey and Chairman of the Overlook Hospital Foundation Investment Committee. In addition, he is a director of Skybridge Capital Hedge Fund Portfolios and Houseparty Inc.

Mr. Weinreich brings to the Board the financial expertise and managerial skills he developed while working with Bankers Trust/Deutsche Bank and the philanthropic experiences he has cultivated since his retirement.

Executive Officers (other than Mr. Kraus)

Kate C. Burke, Head of Human Capital and Chief Talent Officer
Ms. Burke, age 45, has been Head of Human Capital and Chief Talent Officer since February 2016. She joined our firm in 2004 as an institutional equity salesperson with Bernstein Research Services and has held various managerial roles since that time. Prior to joining AB, Ms. Burke was a consultant at A.T. Kearney, where she focused on strategy, organizational design and change management.

Laurence E. Cranch, General Counsel
Mr. Cranch, age 70, has been our General Counsel since he joined our firm in 2004. Prior to joining AB, Mr. Cranch was a partner of Clifford Chance, an international law firm. Mr. Cranch joined Clifford Chance in 2000 when Rogers & Wells, a New York law firm of which he was Managing Partner, merged with Clifford Chance.

James A. Gingrich, COO
Mr. Gingrich, age 58, joined our firm in 1999 as a senior research analyst with Bernstein Research Services and has been our firm's COO since December 2011. Prior to becoming COO, Mr. Gingrich held senior managerial positions in Bernstein Research Services, including Chairman and CEO from February 2007 to November 2011 and Global Director of Research from December 2002 to January 2007.

Robert P. van Brugge, Chairman and CEO of Bernstein Research Services

Mr. van Brugge, age 48, has been Chairman of the Board and CEO of Bernstein Research Services since December 2011. Prior to becoming Chairman and CEO, Mr. van Brugge served as Global Director of Research from January 2008 to December 2011. He joined our firm in 2002 as a senior research analyst with Bernstein Research Services.

John C. Weisenseel, CFO

Mr. Weisenseel, age 57, joined our firm in May 2012 as Senior Vice President and CFO. From 2004 to April 2012, he worked at The McGraw Hill Companies ("McGraw Hill"), where he served initially as Senior Vice President and Corporate Treasurer and, from 2007 to April 2012, as CFO of the firm's Standard & Poor's subsidiary. Prior to joining McGraw Hill, Mr. Weisenseel was Vice President and Corporate Treasurer for Barnes & Noble, Inc. Prior to joining Barnes & Noble, he spent ten years in various derivatives trading and financial positions at Citigroup. A Certified Public Accountant, Mr. Weisenseel also has worked at KPMG LLP.

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Changes in Directors and Executive Officers

The following changes to our directors and executive officers occurred since we filed our Form 10-K for the year ended December 31, 2015:

- On July 27, 2016, Veronique Weill, then serving as the Chief Customer Officer of AXA, joined the Board, the Compensation Committee of the Board, the Corporate Governance Committee of the Board and the Executive Committee of the Board.
- On July 27, 2016, Christian Thimann, Head of Strategy, Sustainability and Public Affairs of AXA, resigned from the Board due to competing demands on his time related to his responsibilities at AXA.
- On January 31, 2017, Ms. Weill, in connection with her departure from AXA, resigned from the Board, the Compensation Committee of the Board, the Corporate Governance Committee of the Board and the Executive Committee of the Board.
- Since February 14, 2017, Ms. Burke has been deemed an executive officer of AB.

Board Meetings

In 2016, the Board held:

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

Generally, the Board holds six meetings annually: in February, April, May, July or August, September and November. In addition, the Board holds special meetings or takes action by unanimous written consent as circumstances warrant. The Board has standing Executive, Audit, Governance, Compensation and Special Committees, each of which is described in further detail below. Each member of the Board attended 75% or more of the aggregate of all Board and committee meetings that he or she was entitled to attend in 2016.

Committees of the Board

The Executive Committee of the Board (“Executive Committee”) consists of Mses. Messer and Slutsky and Messrs. Condron, Duverne, Kraus (Chair) and Elliott.

The Executive Committee exercises all of the powers and authority of the Board (with limited exceptions) when the Board is not in session, or when it is impractical to assemble the full Board. The Executive Committee held three meetings in 2016.

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

- assists the Board and the sole stockholder of the General Partner in:
  - identifying and evaluating qualified individuals to become Board members; and
  - determining the composition of the Board and its committees, and

- assists the Board in:
  - developing and monitoring a process to assess Board effectiveness;
  - developing and implementing our Corporate Governance Guidelines; and
  - reviewing our policies and programs that relate to matters of corporate responsibility of the General Partner and the Partnerships.

The Governance Committee held two meetings in 2016.

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The Audit Committee of the Board ("Audit Committee") consists of Messrs. Elliott (Chair), Hicks, Schoen and Weinreich. The primary purposes of the Audit Committee are to:

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

Consistent with these functions, the Audit Committee encourages continuous improvement of, and fosters adherence to, the Partnerships' policies, procedures and practices at all levels. With respect to these matters, the Audit Committee provides an open avenue of communication among the independent registered public accounting firm, senior management, the Internal Audit Department and the Board. The Audit Committee held seven meetings in 2016.

The Compensation Committee consists of Ms. Slutsky and Messrs. Condron (Chair), Duverne, Elliott and Kraus. The Compensation Committee four meetings in 2016. For additional information about the Compensation Committee, see "Compensation Discussion and Analysis—Compensation Committee" in Item 11.

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

The Special Committee of the Board ("Special Committee") consists of all of the independent directors and, in 2016, included Mses. Hechinger, Messer and Slutsky and Messrs. Condron, Elliott (Chair), Hicks, Schoen and Weinreich. The Special Committee has the authority to direct and oversee any matters referred to it by the Board and/or management including, but not limited to, matters relating to conflicts of interest and the relationship among AB, AB Holding and AXA. The members of the Special Committee do not receive any compensation for their service on the Special Committee, apart from ordinary meeting fees. The Special Committee did not meet in 2016.

Audit Committee Financial Experts; Financial Literacy

In January 2016, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Messrs. Elliott and Schoen is an "audit committee financial expert" within the meaning of Item 407(d) of Regulation S-K. The Board so determined at its regular meeting in February 2016.

In January 2017, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Messrs. Elliott and Schoen is an "audit committee financial expert" within the meaning of Item 407(d) of Regulation S-K. The Board so determined at its regular meeting in February 2017.

In January 2016, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Messrs. Elliott, Hicks, Schoen and Weinreich is financially literate and possesses accounting or related financial management expertise, as contemplated by Section 303A.07(a) of the NYSE Listed Company Manual ("Financially Literate"). The Board so determined at its regular meeting in February 2016.

In January 2017, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Messrs. Elliott, Hicks, Schoen and Weinreich is Financially Literate. The Board so

determined at its regular meeting in February 2017.

Independence of Certain Directors

In January 2016, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Mses. Hechinger, Messer and Slutsky and Messrs. Condron, Elliott, Hicks, Schoen and Weinreich is independent. The Board considered immaterial relationships of Mr. Hicks (relating to the fact that Alleghany is a Bernstein Research Services client) and Ms. Slutsky (relating to a contribution AB made to NYCT in February 2015 and the fact that she

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is a member of the boards of directors of AXA Financial and AXA Equitable), and determined, at its February 2016 regular meeting, that each of Mses. Hechinger, Messer and Slutsky and Messrs. Condron, Elliott, Hicks, Schoen and Weinreich is independent within the meaning of the relevant rules.

In January 2017, the Governance Committee, after reviewing materials prepared by management, recommended that the Board determine that each of Mses. Hechinger, Messer and Slutsky and Messrs. Condron, Elliott, Hicks, Schoen and Weinreich is independent. The Board considered immaterial relationships of Mr. Hicks (relating to the fact that Alleghany is a Bernstein Research Services client) and Ms. Slutsky (relating to a contribution AB made to NYCT in February 2016 and the fact that she is a member of the boards of directors of AXA Financial and AXA Equitable), and determined, at its February 2017 regular meeting, that each of Mses. Hechinger, Messer and Slutsky and Messrs. Condron, Elliott, Hicks, Schoen and Weinreich is independent within the meaning of the relevant rules.

Board Leadership Structure and Role in Risk Oversight

Leadership

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

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

Lead Independent Director

Our lead independent director, Steven G. Elliott, was appointed unanimously by our Board in February 2014. He presides at all executive sessions of non-management and independent directors and makes himself available, if requested by Unitholders, for consultation and communication. Interested parties wishing to communicate directly with Mr. Elliott may send an e-mail, with “confidential” in the subject line, to our Corporate Secretary or address mail to Mr. Elliott in care of our Corporate Secretary. Our Corporate Secretary will promptly forward such e-mail or mail to Mr. Elliott. We have posted this information in the “Management & Governance” section of our Internet Site.

Risk Oversight

The Board, together with the Audit Committee, has oversight for our company’s risk management framework, which includes investment risk, credit and counterparty risk, and operational risk, and is responsible for helping to ensure that these risks are managed in a sound manner. The Board has delegated to the Audit Committee, which consists entirely of independent directors, the responsibility to consider our company’s policies and practices with respect to investment, credit and counterparty, and operational risk assessment and risk management, including discussing with management the major financial risk exposures and the steps taken to monitor and control such exposures. Members of the company's risk management team, who are responsible for identifying, managing and controlling the array of risks inherent in our company’s business and operations, make quarterly reports to the Audit Committee, which address investment, credit and counterparty, and operational risk identification, assessment and monitoring. The Chief

Risk Officer, whose expertise encompasses both quantitative research and associated investment risks, makes periodic presentations to the Board. He reports directly to our Chairman and CEO and, since 2013, has had a reporting line to the Audit Committee.

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

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Code of Ethics and Related Policies

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

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

NYSE Governance Matters

Section 303A.00 of the NYSE Listed Company Manual exempts limited partnerships from compliance with the following sections of the Manual, some of which we comply with voluntarily: Section 303A.01 (board must have a majority of independent directors), 303A.04 (corporate governance committee must have only independent directors as its members and must have a charter that addresses, among other things, the committee's purpose and responsibilities), and 303A.05 (compensation committee must have only independent directors as its members and must have a charter that addresses, among other things, the committee's purpose and responsibilities).

AB Holding is a limited partnership (as is AB). In addition, because the General Partner is a subsidiary of AXA, and the General Partner controls AB Holding (and AB), we believe we also would qualify for the "controlled company" exemption. However, we comply voluntarily with the charter requirements set forth in Sections 303A.04 and 303A.05.

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

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

Our Internet Site, under the heading "Contact our Directors", provides an e-mail address for any interested party, including Unitholders, to communicate with the Board. Our Corporate Secretary reviews e-mails sent to that address and has some discretion in determining how or whether to respond, and in determining to whom such e-mails should

be forwarded. In our experience, substantially all of the e-mails received are ordinary client requests for administrative assistance that are best addressed by management, or solicitations of various kinds.

The 2016 Certification by our CEO under NYSE Listed Company Manual Section 303A.12(a) was submitted to the NYSE on February 16, 2016.

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

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

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Fiduciary Culture

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

- the Code of Ethics Oversight Committee ("Ethics Committee") and the Internal Compliance Controls Committee ("Compliance Committee"), each of which consists of our executive officers and other senior executives;
- an ombudsman office, where employees and others can voice concerns on a confidential basis;
- firm-wide compliance and ethics training programs; and
- a Conflicts Officer and a Conflicts Committee, which help to identify and mitigate conflicts of interest.

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

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

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires directors of the General Partner and executive officers of the Partnerships, and persons who own more than 10% of the AB Holding Units or AB Units, to file with the SEC initial reports of ownership and reports of changes in ownership of AB Holding Units or AB Units. To the best of our knowledge, during 2016, we complied with all Section 16(a) filing requirements. Our Section 16 filings can be found under "Investor & Media Relations" / "Reports & SEC Filings" on our Internet Site.

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Item 11. Executive Compensation

Compensation Discussion and Analysis (“CD&A”)
Compensation Philosophy and Goals

The intellectual capital of our employees is collectively the most important asset of our firm. We invest in people—we hire qualified people, train them, encourage them to give their best thinking to the firm and our clients, and compensate them in a manner designed to motivate, reward and retain them while aligning their interests with the interests of our Unitholders.

We structure our named executive officer compensation programs with the intent of enhancing firm-wide and individual performance and Unitholder value. Our "named executive officers" are:

Chief Executive Officer (“CEO”)	Peter S. Kraus
Chief Financial Officer (“CFO”)	John C. Weisenseel
Three other most highly-compensated executive officers	James A. Gingrich, Chief Operating Officer Robert P. van Brugge, Chairman and CEO of Bernstein Research Services Laurence E. Cranch, General Counsel

We also are focused on ensuring that our compensation practices are competitive with industry peers and provide sufficient potential for wealth creation for our named executive officers and our employees generally, which we believe will enable us to meet the following key compensation goals:

- attract, motivate and retain highly-qualified executive talent;
- reward prior year performance;
- incentivize future performance;
- recognize and support outstanding individual performance and behaviors that demonstrate and foster our firm’s culture of "Relentless Ingenuity", which includes the core competencies of relentlessness, ingeniousness, collaboration and accountability; and
- align our executives’ long-term interests with those of our Unitholders and clients.

Compensation Elements for Named Executive Officers

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

Base Salaries
Base salaries comprise a relatively small portion of our named executive officers’ total compensation. We consider individual experience, responsibilities and tenure with the firm when determining the narrow range of base salaries paid to our named executive officers other than Mr. Kraus (for information relating to Mr. Kraus's compensation elements, please refer to "Overview of Our CEO's Compensation" below).

Annual Short-Term Incentive Compensation Awards (Cash Bonuses)
We provide our named executive officers, other than Mr. Kraus, with annual short-term incentive compensation awards in the form of cash bonuses.

We believe that annual cash bonuses, which generally reflect individual performance and the firm’s current year financial performance, provide a short-term retention mechanism for our named executive officers, other than Mr. Kraus, because such bonuses typically are paid during the last week of the year.

In 2016, we paid annual cash bonuses in late December. These bonuses, and the 2016 long-term incentive compensation awards described immediately below, were based on management's evaluation, subject to the Compensation Committee's review and approval, of each named executive officer's performance during the year, the performance of the executive's business unit or function compared to business and operational goals established at the beginning of the year, and the firm's current-year

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financial performance. For more information regarding the factors considered when determining cash bonuses for executives, see "Other Factors Considered When Determining Named Executive Officer Compensation" below.

Long-Term Incentive Compensation Awards
A substantial portion of long-term incentive compensation awards generally is denominated in restricted AB Holding Units. We utilize this structure to align our named executive officers' long-term interests directly with the interests of our Unitholders and indirectly with the interests of our clients, as strong performance for our clients generally contributes directly to increases in assets under management and improved financial performance for the firm.

We believe that annual long-term incentive compensation awards provide a long-term retention mechanism for our named executive officers because such awards generally vest ratably over four years. In 2016, these awards, which were granted in December to each named executive officer (other than Mr. Kraus), were made pursuant to the Incentive Compensation Program, an unfunded, non-qualified incentive compensation plan, and, when the award is AB Holding Unit-based, the 2010 Plan, our equity compensation plan.

Employees, except certain members of senior management, can elect to diversify their long-term incentive compensation awards by allocating up to 50% of their awards to cash, up to a maximum cash amount of $250,000 ("Deferred Cash"). The portion of an award allocated to Deferred Cash is subject to the same multi-year vesting periods (generally, four years) as the portion of the award allocated to restricted AB Holding Units.

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

Prior to vesting, withdrawals of the restricted AB Holding Units and/or Deferred Cash underlying an award are not permitted. Upon vesting, the AB Holding Units and/or Deferred Cash underlying an award are distributed unless the award recipient has, in advance, voluntarily elected to defer receipt to future periods. Quarterly cash distributions on vested and unvested restricted AB Holding Units are paid to award recipients when distributed generally. If Deferred Cash is elected, interest accrues monthly based on our monthly weighted average cost of funds and is credited to the award recipient annually. Our weighted average cost of funds during 2016 was approximately 0.6%, representing a nominal return.

Defined Contribution Plan
U.S. employees of AB, including each of our named executive officers, are eligible to participate in the Profit Sharing Plan for Employees of AB (as amended and restated as of January 1, 2015 and as further amended as of January 1, 2017, "Profit Sharing Plan"), a tax-qualified retirement plan. The Compensation Committee determines the amount of company contributions (both the level of annual matching by the firm of an employee's pre-tax salary deferral contributions and the annual company profit sharing contribution, if any).

For 2016, the Compensation Committee determined that employee deferral contributions would be matched on a dollar-for-dollar basis up to 5% of eligible compensation and that there would be no profit sharing contribution.

Other Benefits

Our firm pays the premiums associated with life insurance policies purchased on behalf of our named executive officers.

Overview of 2016 Incentive Compensation Program

In 2016, each of our named executive officers, other than Mr. Kraus, received a portion of his incentive compensation in the form of an annual cash bonus and a portion in the form of long-term incentive compensation (as described above, at least 50% of which must have been allocated to restricted AB Holding Units). The split between the annual cash bonus and long-term incentive compensation varied depending on the named executive officer's total compensation, with lower-paid executives receiving a greater percentage of their incentive compensation as cash bonuses than more highly-paid executives. (For additional information about these compensatory elements, see "Compensation Elements for Named Executive Officers" above.)

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Although estimates are developed for budgeting and strategic planning purposes, our named executive officers' incentive compensation is not correlated with meeting any specific targets. Instead, the aggregate amount of incentive compensation paid to our named executive officers generally is determined on a discretionary basis and primarily is a function of our firm’s current year financial performance. Amounts are awarded to help us achieve our goal of attracting, motivating and retaining top talent while also helping to ensure that our executives' goals are appropriately aligned with the goal of increasing our Unitholders' return on their investment.

Senior management, with the approval of the Compensation Committee, confirmed that the appropriate metric to consider in determining the amount of incentive compensation paid to all employees, including our named executive officers, in respect of 2016 is the ratio of adjusted employee compensation and benefits expense to adjusted net revenues, which terms are described immediately below:

- Adjusted employee compensation and benefits expense is our total employee compensation and benefits expense minus other employment costs such as recruitment, training, temporary help and meals, and excludes the impact of mark-to-market vesting expense, as well as dividends and interest expense, associated with employee long-term incentive compensation-related investments.

- Adjusted net revenues (see our discussion of “Management Operating Metrics” in Item 7) exclude investment gains and losses and dividends and interest on employee long-term incentive compensation-related investments. In addition, adjusted net revenues offset distribution-related payments to third parties as well as amortization of deferred sales commissions against distribution revenues. We also exclude from adjusted net revenues additional pass-through expenses we incur (primarily through our transfer agent) that are reimbursed and recorded as fees in revenues. Additionally, adjusted net revenues, effective January 1, 2016, as a result of our having adopted a new accounting standard (see Note 2 to AB's consolidated financial statements in Item 8), reflect the fact that we account for our consolidated venture capital fund in the same manner as our other consolidated VIEs. Specifically, we adjust for the revenue impact of consolidating VIEs by eliminating the consolidated VIEs' revenues and including AB's fees from such VIEs and AB's investment gains and losses on its investments in such VIEs that were eliminated in consolidation. Also, we excluded from adjusted net revenues a gain of $75.3 million we realized in the first quarter of 2016 resulting from the liquidation of an investment in Jasper Wireless Technologies, Inc., which was acquired by Cisco Systems, Inc., because it was not part of our core operating results.

In addition, senior management, with the approval of the Compensation Committee, determined that the firm’s adjusted employee compensation and benefits expense generally should not exceed 50.0% of our adjusted net revenues, except in unexpected or unusual circumstances. As the table below indicates, in 2016, adjusted employee compensation and benefits expense amounted to approximately 48.5% of adjusted net revenues (in thousands):

Net Revenues	$3,028,779	
Adjustments (see above)	(559,465	)
Adjusted Net Revenues	$2,469,314	
Employee Compensation & Benefits Expense	$1,229,721	
Adjustments (see above)	(31,122	)
Adjusted Employee Compensation & Benefits Expense	$1,198,599	
Adjusted Compensation Ratio	48.5	%

Our 2016 adjusted compensation ratio of approximately 48.5% reflects the need to keep compensation levels competitive with industry peers in order to attract, motivate and retain highly-qualified executive talent.

Benchmarking

In 2016, management retained McLagan Partners ("McLagan") to provide compensation benchmarking data for our named executive officers ("McLagan Data"). The McLagan Data summarized 2015 compensation levels and 2016 salaries at selected asset management companies and banks comparable to ours in terms of size and business mix ("Comparable Companies"), to assist us in determining the appropriate level of compensation for the firm's named executive officers, other than Mr. Kraus.

The McLagan Data provided ranges of compensation levels at the Comparable Companies for executive positions similar to those held by our named executive officers, including base salary and total compensation.

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The Comparable Companies, which management selected with input from McLagan, included:

Bank of America Merrill Lynch	Barclays Capital Group	Citigroup Inc.
Credit Suisse Group AG	Deutsche Bank AG	Eaton Vance Corp.
Franklin Resources, Inc.	Goldman Sachs Group, Inc.	Goldman Sachs Asset Management, L.P.
Invesco Ltd.	JPMorgan Chase & Co.	JPMorgan Asset Management Inc.
Legg Mason, Inc.	MFS Investment Management	Morgan Stanley
Morgan Stanley Investment Management Inc.	Neuberger Berman LLC	Oppenheimer Funds Distributor, Inc.
PIMCO LLC	Prudential Investments	T. Rowe Price Group, Inc.
TIAA Group	UBS AG	The Vanguard Group, Inc.

The McLagan Data indicated that the total compensation paid to our named executive officers in 2016 generally fell within or below the ranges of total compensation paid to executives at the Comparable Companies.

The Compensation Committee considered this information in concluding that the compensation levels paid in 2016 to our named executive officers were appropriate and reasonable.

Other Factors Considered When Determining Named Executive Officer Compensation

We base decisions about the incentive compensation of our named executive officers, other than Mr. Kraus, primarily on our assessment of each executive’s leadership, operational performance, and potential to enhance investment returns and service for our clients, all of which contribute to long-term Unitholder value. We do not utilize quantitative formulas when determining the incentive compensation of our named executive officers. Instead, we rely on our judgment about each executive’s performance in light of business and operational goals established at the beginning of the year and reviewed in the context of the current-year financial performance of the firm. We begin this process, which is conducted by our CEO and COO working with other members of senior management, by determining the total incentive compensation amounts available for a particular year (as more fully explained above in “Overview of 2016 Incentive Compensation Program”).

Our CEO and COO, as well as the Compensation Committee, then consider a number of key factors for each of the named executive officers (other than Mr. Kraus, our CEO, whose compensation is described below in "Overview of Our CEO's Compensation"). Specific factors will vary among business units, among individuals and during different business cycles, so we do not adopt any specific weighting or formula under which these metrics are applied. Key factors we consider are:

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

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

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We have described in the table below the business and operational goals established at the beginning of 2016 for our named executive officers, other than Mr. Kraus, and their achievements during 2016:

Named Executive Officer	2016 Business and Operational Goals	2016 Goals Achieved
James A. Gingrich COO	1. increase operating efficiency/margins; 2. optimize strategy and sales efforts of Retail, Institutions and Private Wealth; 3. enhance planning and organizational processes; 4. optimize revenue and profitability of Bernstein Research Services; 5. foster a culture of meritocracy, empowerment and accountability among business leaders; and 6. recruit and retain top talent.	1. contained operating costs and improved adjusted operating margin; 2. oversaw team acquisitions in alternatives; 3. oversaw organizational and process changes within distribution functions designed to enhance cost structure and efficiencies; 4. helped improve Bernstein Research Services cost structure; and 5. helped recruit new personnel in several key positions.
Robert P. van Brugge Chairman and CEO, Bernstein Research Services	1. optimize revenue and profitability of Bernstein Research Services; 2. further enhance this unit’s research capabilities, trading services and product array; 3. extend this unit’s geographic platform; and 4. attract, motivate and retain top talent.	1. increased Bernstein Research Services profitability; 2. achieved excellent results in third-party research and trading surveys; 3. increased the commercial success of our firm's sell-side trading platform; and 4. continued to expand the sell-side business in Asia.
Laurence E. Cranch General Counsel	1. address new compliance challenges and maintain and improve our firm's good compliance record, including with respect to new regulatory initiatives; 2. improve the level of client service, including through improvements to productivity and efficiency while using existing resources; 3. develop and retain high quality talent by identifying opportunities to promote from within, and promote diversity; 4. manage the firm's legal risk, including by resolving the Philips matter and by proactively managing the firm's activities and relationships to help avoid future litigation and regulatory issues; and 5. manage expenses, including overall compensation expense, and continue to manage outside counsel and other department expenses.	1. provided leadership with respect to several significant regulatory developments that required analysis and compliance program development, including particularly the Department of Labor fiduciary duty rules ("DOL Rules"), and required strict adherence to our firm's compliance policies and procedures and its fiduciary duties to clients; 2. received positive evaluations from senior business leaders with respect to the performance of the Legal and Compliance Department and implemented changes that made this department more productive and efficient; 3. promoted several individuals from within the department, which has enhanced morale and improved work quality, and recruited high quality talent to fill open positions, in each case while making progress on our goal of improving diversity; 4. settled the Philips litigation, proactively addressed the exposure to liability faced by our firm with respect to litigation brought against 401(k) plan sponsors and their fiduciary advisers, and focused on implementation of the DOL Rules to manage the risks to our firm with respect to possible class action litigation that may be brought as a result of provisions in the rule's best interest contract exemption; and 5. continued to actively manage outside counsel expenses.

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Explanation of Responses:

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Named Executive Officer	2016 Business and Operational Goals	2016 Goals Achieved
John C. Weisenseel CFO	1. increase the firm's profitability by controlling expenses; 2. evaluate and support new business development opportunities; 3. manage business funding requirements within the context of the firm’s capital and liquidity; 4. continue to streamline the firm's office footprint; 5. ensure adherence to internal control structure and financial reporting standards; 6. continue communications with the firm's investors and credit rating agencies; and 7. identify and develop the next generation of leaders in the Finance and Administrative Services Departments.	1. decreased non-compensation expenses compared to 2015; 2. provided accounting and tax guidance in structuring, integrating and funding business development opportunities; 3. repurchased AB Holding Units to offset earnings per unit dilution, which otherwise would result from employee equity-based compensation awards; 4. secured an additional $200 million credit facility to support short-term liquidity requirements; 5. sub-leased additional space in NY metro and London offices and identified potential office space efficiency strategies for NY headquarters and Hong Kong; 6. enhanced internal financial reporting, including an increased focus on management operating metrics, to provide more useful information to senior management; 7. maintained active discussion with AB's investor community and credit rating agencies and participated in the asset management industry annual CFO roundtable; and 8. implemented several staffing changes in the Finance and Administrative Services Departments, providing better client service within our firm while reducing costs.

As indicated in the table above, each of the named executive officers included in the table successfully achieved his goals in 2016. The compensation of each of these named executive officers reflected Mr. Kraus’s and the Compensation Committee’s judgment in assessing the importance of the officer's achievements to our firm’s financial results.

Overview of Our CEO’s Compensation

In 2016, Mr. Kraus was compensated for his services as Chairman of the Board and CEO based on the terms set forth in his employment agreement dated as of June 21, 2012 (“Kraus Employment Agreement”). The Kraus Employment Agreement commenced on January 3, 2014 and terminates on January 2, 2019 (“Employment Term”), unless it is terminated earlier in accordance with its terms. Although the Employment Term did not commence until January 3, 2014, certain provisions of the Kraus Employment Agreement became effective on June 21, 2012, the date the agreement was signed, including those provisions summarized below pertaining to the grant of 2,722,052 restricted AB Holding Units to Mr. Kraus (“June 2012 Grant”) and termination of his employment.

The terms of the Kraus Employment Agreement were the result of arm's-length negotiations between Mr. Kraus, members of the Compensation Committee, who discussed this matter during four Special Meetings of the Compensation Committee held in 2012, and other members of the Board. In addition, the Compensation Committee considered comparative compensation benchmarking data ("Johnson Data") from Johnson Associates, Inc., a compensation consultant engaged by the Compensation Committee. The Johnson Data provided ranges of CEO compensation levels for 2011 at selected asset management companies and banks comparable to ours in terms of size and business mix, including salary, cash bonus, total cash compensation and total compensation. The comparable companies, which management selected with input from Johnson Associates, included:

Affiliated Managers Group, Inc.	Ameriprise Financial, Inc.	The Bank of New York Mellon Corp.
BlackRock Financial Management, Inc.	Credit Suisse Asset Management LLC	Eaton Vance Corp.
Federated Investors, Inc.	Franklin Resources, Inc.	Invesco Ltd.
Janus Capital Group Inc.	JPMorgan Asset Management Inc.	Lazard Ltd.
Legg Mason, Inc.	Morgan Stanley	Northern Trust Corporation
State Street Global Advisors Ltd.	T. Rowe Price Group, Inc.	

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In addition, the Johnson Data indicated that the compensation terms for Mr. Kraus set forth in the Kraus Employment Agreement were fully competitive and consistent with industry standards given our firm's size, scope and complexity, the importance of CEO continuity, Mr. Kraus's experience and integral role in the ongoing execution of our firm's long-term growth strategy, and the allocation of Mr. Kraus's compensation more heavily to restricted equity.

The Compensation Committee and the Executive Committee, based on the Johnson Data and other inquiry as needed, decided to structure the allocation of Mr. Kraus's compensation under the Kraus Employment Agreement heavily toward the June 2012 Grant. For information regarding the Executive Committee, see "Committees of the Board" in Item 10.

Compensation Elements

Base Salary
Mr. Kraus's annual base salary under the Kraus Employment Agreement, which originally was set at $275,000, was increased to $400,000 by the Compensation Committee, effective January 1, 2014. This amount is comparable to the annual base salary paid to our most senior executives generally and is consistent with our firm's policy to keep base salaries of executives and other highly-compensated employees low in relation to total compensation. Any future increase to Mr. Kraus's base salary is entirely in the discretion of the Compensation Committee.

Cash Bonus
Mr. Kraus did not receive a cash bonus for 2016, nor is he entitled to receive a future cash bonus during the remainder of the Employment Term. Any future cash bonus that may be paid to Mr. Kraus is entirely in the discretion of the Compensation Committee.

Restricted AB Holding Units
Mr. Kraus was awarded the June 2012 Grant upon execution of the Kraus Employment Agreement, on June 21, 2012. The size of the June 2012 Grant, which had a value of approximately $33 million based on the market price of an AB Holding Unit on June 21, 2012, reflected the determination by Mr. Kraus and the Board that this was a reasonable and appropriate amount of long-term incentive compensation in view of Mr. Kraus's expertise and experience, his past compensation, and the compensation of the CEOs included in the Johnson Data.

Subject to accelerated vesting clauses in the Kraus Employment Agreement (e.g., immediate vesting upon a "change in control" of our firm, as discussed in detail below), the June 2012 Grant vests ratably on each of the first five anniversaries of December 19, 2013, commencing December 19, 2014, provided, with respect to each installment, Mr. Kraus continues to be employed by AB on the vesting date. However, Mr. Kraus elected to delay delivery of all of the restricted AB Holding Units until December 19, 2018, the final vesting date, subject to acceleration upon a "change in control" of our firm and certain qualifying events of termination of employment (see "Terms Relating to Change in Control and Termination of Employment" below).

During the Employment Term, Mr. Kraus is paid the cash distributions payable with respect to his unvested and vested restricted AB Holding Units until the AB Holding Units are delivered or forfeited. These cash distributions generally are paid at the time distributions are made to AB Holding Unitholders.

As noted above, Mr. Kraus did not receive an equity-based award for 2016, nor is he entitled to receive a future equity award during the remainder of the Employment Term. Accordingly, during the Employment Term, the totality of Mr. Kraus's compensation (other than his base salary) is and, absent any additional awards the Compensation Committee may choose to grant, will continue to be, dependent on the level of cash distributions on the restricted AB Holding Units granted to Mr. Kraus and the evolution of the trading price of an AB Holding Unit, both of which are partially

dependent on the financial and operating results of our firm. Therefore, his long-term interests are, and will continue to be, aligned directly with the interests of our Unitholders and indirectly with the interests of our clients, as strong performance for our clients generally contributes directly to increases in assets under management and improved financial performance for the firm.

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Perquisites and Benefits

Under the Kraus Employment Agreement, Mr. Kraus is entitled to receive the following perquisites and benefits:

- personal use of company aircraft (provided he reimburses the company for any incremental cost resulting from such use), and the ability to have family members accompany him on company aircraft when Mr. Kraus travels for business purposes (provided that taxable income is imputed to him for any business flight on which family members are aboard);
- personal use of a company car and driver;
- following termination of his employment due to death or disability, continued health and welfare benefits (see note 5 to "Potential Payments upon Termination or Change in Control" table below for additional information); and
- following termination of his employment by AB without cause or by Mr. Kraus for good reason, payments equal to the cost of COBRA coverage for the period for which he is entitled to COBRA.

Terms Relating to Change in Control and Termination of Employment

The June 2012 Grant will vest immediately upon a "change in control" of our firm. A change in control is defined as:

- AXA ceasing to control the management of AB's business; or
- AB Holding ceasing to be publicly traded.

Mr. Kraus negotiated the change-in-control provisions described immediately above in order to ensure that AB would continue to be operated as a separately-managed entity and with a certain degree of independence and that AB Holding would continue as a publicly-traded entity. Both AXA and Mr. Kraus believed that these arrangements added significant value to AB. The Board understood that AXA had no intention of changing these arrangements during the Employment Term and, accordingly, concluded that the change-in-control provisions were acceptable and necessary in order to retain Mr. Kraus.

The Kraus Employment Agreement also provides for the immediate vesting of the next two installments of restricted AB Holding Units (or the final installment, if only one installment remains unvested as of the termination date) upon certain qualifying terminations of employment, including termination of Mr. Kraus's employment:

- by AB without cause, where "cause" includes, among other things:
  - the continued, willful failure by Mr. Kraus to perform substantially his duties with AB after a written demand for substantial performance is delivered to him by the Board;
  - Mr. Kraus's conviction of, or plea of guilty or nolo contendere to, a crime that constitutes a felony;
  - the willful engaging by Mr. Kraus in misconduct that is materially and demonstrably injurious to AB or any of its affiliates;
  - the willful breach by Mr. Kraus of the covenant not to disclose any confidential information pertaining to AB or its affiliates or the covenant not to compete with AB or its affiliates; or
  - Mr. Kraus's failure to comply with a material written company workplace policy applicable to him, and

- by Mr. Kraus for good reason, where "good reason" generally includes actions taken by AB resulting in a material negative change in Mr. Kraus's employment relationship, such as:
  - assignment to Mr. Kraus of duties materially inconsistent with his position;
  - any material breach of the Kraus Employment Agreement by AB;
  - a requirement by AB that Mr. Kraus be based at any office or location more than 25 miles commuting distance from company headquarters; or
  -

a requirement that Mr. Kraus report to an officer or employee of AB instead of reporting directly to the Board and the CEO of AXA.

In addition, if Mr. Kraus dies or becomes disabled during the Employment Term, Mr. Kraus immediately will vest in a pro-rated portion of any restricted AB Holding Units otherwise due to vest on the next vesting date.

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Mr. Kraus negotiated the provisions described immediately above in order to preserve the value of his long-term incentive compensation arrangement. The Board agreed to these provisions because they were typical of executive compensation agreements for executives at Mr. Kraus's level, they provided Mr. Kraus with effective incentives for future performance, and because the Board concluded that they were necessary to retain Mr. Kraus.

The Board also concluded that the change-in-control and termination provisions in the Kraus Employment Agreement fit within AB's overall compensation objectives because these provisions, which aligned with AB's goal of providing Mr. Kraus with effective incentives for future performance:

- permitted AB to retain a highly-qualified chief executive officer;
- aligned Mr. Kraus's long-term interests with those of AB's Unitholders and clients;
- were consistent with AXA's and the Board's expectations with respect to the manner in which AB and AB Holding would be operated during Mr. Kraus's tenure; and
- were consistent with the Board's expectations that Mr. Kraus would not be terminated without cause and that no steps would be taken that would provide him with the ability to terminate the agreement for good reason.

Compensation Committee

The Compensation Committee consists of Ms. Slutsky and Messrs. Condron (Chair), Duverne, Elliott and Kraus. The Compensation Committee held four meetings in 2016.

As discussed in "NYSE Governance Matters" in Item 10, AB Holding, as a limited partnership, is exempt from NYSE rules that require public companies to have a compensation committee consisting solely of independent directors. AXA owns, indirectly, an approximate 63.7% economic interest in AB (as of December 31, 2016), and compensation expense is a significant component of our financial results. For these reasons, Mr. Duverne, Chairman of the Board of AXA, is a member of the Compensation Committee, and any action taken by the Compensation Committee requires the affirmative vote or consent of an AXA representative.

The Compensation Committee has general oversight of compensation and compensation-related matters, including:

- determining cash bonuses;
- determining contributions and awards under incentive plans or other compensation arrangements (whether qualified or non-qualified) for employees of AB and its subsidiaries, and amending or terminating such plans or arrangements or any welfare benefit plan or arrangement or making recommendations to the Board with respect to adopting any new incentive compensation plan, including equity-based plans;
- reviewing and approving the compensation of our CEO, evaluating his performance, and determining and approving his compensation level based on this evaluation; and
- reviewing and discussing the CD&A, and recommending to the Board its inclusion in the Partnerships' Forms 10-K and, when applicable, proxy statements.

The Compensation Committee's year-end process generally has focused on the cash bonuses and long-term incentive compensation awards granted to senior management. Mr. Kraus is an active member of the Compensation Committee, but he does not participate in any committee discussions or votes regarding his own compensation. Mr. Kraus, working with the COO and other members of senior management, provides recommendations for individual employee awards to the Compensation Committee for its consideration. As part of this process, management provides the committee with compensation benchmarking data from one or more compensation consultants. For 2016, we paid $26,750 to McLagan for executive compensation benchmarking data and an additional $409,931 for survey and consulting services relating to the amount and form of compensation paid to employees other than executives.

The Compensation Committee held its regularly-scheduled meeting regarding year-end compensation on December 9, 2016, at which meeting it discussed and approved senior management's compensation recommendations. The

Compensation Committee did not retain its own consultants.

The Compensation Committee's functions are more fully described in the committee's charter, which is available on-line in the "Management & Governance" section of our Internet Site.

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Other Compensation-Related Matters

AB and AB Holding are, respectively, private and public limited partnerships, and are subject to taxes other than federal and state corporate income tax (see “Structure-related Risks” in Item 1A and Note 19 to AB’s consolidated financial statements in Item 8). Accordingly, Section 162(m) of the Code, which limits tax deductions relating to executive compensation otherwise available to entities taxed as corporations, is not applicable to either AB or AB Holding.

Compensation Committee Interlocks and Insider Participation

Mr. Duverne is the Chairman of the Board of AXA, the ultimate parent company of the General Partner.

Mr. Kraus is Chairman of the Board and CEO of the General Partner and, accordingly, also serves in that capacity for AB and AB Holding. No executive officer of AB serves as (i) a member of a compensation committee or (ii) a director of another entity, an executive officer of which serves as a member of AB's Compensation Committee or Board.

Compensation Committee Report

The members of the Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis set forth above and, based on such review and discussion, recommended to the Board its inclusion in this Form 10-K.

Christopher M. Condron (Chair)	Denis Duverne
Steven G. Elliott	Peter S. Kraus
Lorie A. Slutsky	

Consideration of Risk Matters in Determining Compensation

In 2016, we considered whether our compensation practices for employees, including our named executive officers, encourage unnecessary or excessive risk-taking and whether any risks arising from our compensation practices are reasonably likely to have a material adverse effect on our firm. For the reasons set forth below, we have determined that our current compensation practices do not create risks that are reasonably likely to have a material adverse effect on our firm.

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

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Summary Compensation Table for 2016

Total compensation of our named executive officers for 2016, 2015 and 2014, as applicable, is as follows:

Name and Principal Position	Year	Salary($)	Bonus($)	Stock Awards[1][2] ($)	All Other Compensation ($)	Total($)
Peter S. Kraus[3]	2016	400,000	—	—	5,954,676	6,354,676
Chairman and CEO	2015	400,000	—	—	6,544,627	6,944,627
	2014	411,539	—	—	6,374,364	6,785,903
James A. Gingrich[4]	2016	400,000	3,540,000	3,260,000	828,361	8,028,361
Chief Operating Officer	2015	400,000	3,940,000	3,660,000	892,863	8,892,863
	2014	415,385	3,940,000	3,660,000	872,272	8,887,657
Robert P. van Brugge	2016	400,000	1,890,000	1,610,000	324,696	4,224,696
Chairman and CEO of SCB LLC	2015	400,000	2,040,000	1,760,000	339,762	4,539,762
	2014	415,385	1,940,000	1,660,000	327,253	4,342,638
Laurence E. Cranch[5]	2016	400,000	890,000	610,000	326,556	2,226,556
General Counsel	2015	400,000	915,000	635,000	334,969	2,284,969
John C. Weisenseel	2016	375,000	977,500	672,500	111,505	2,136,505
CFO	2015	375,000	915,000	610,000	129,559	2,029,559
	2014	389,423	800,000	500,000	135,457	1,824,880

(1) The figures in the "Stock Awards" column provide the aggregate grant date fair value of the awards calculated in accordance with FASB ASC Topic 718. For the assumptions made in determining these values, see Note 17 to AB's consolidated financial statements in Item 8.

(2) See "Grants of Plan-based Awards in 2016" below for information regarding the 2016 long-term incentive compensation awards granted to our named executive officers.

(3) Mr. Kraus's compensation structure is set forth in the Kraus Employment Agreement, the terms of which are described above in "Overview of Our CEO's Compensation".

(4) On February 13, 2017, the Compensation Committee approved a grant to Mr Gingrich of restricted AB Holding Units with a value of $21 million (based on the average closing price on the NYSE of an AB Holding Unit for the period covering the four trading days immediately preceding the grant date, the grant date and the five trading days immediately following the grant date), in lieu of cash bonus and long-term incentive compensation awards for 2017, 2018 and 2019 for which Mr. Gingrich otherwise would have been eligible under the Incentive Compensation Program; provided, Mr. Gingrich will be eligible to receive at the end of each such year an additional cash bonus, to the extent approved by the Compensation Committee. Mr. Gingrich's restricted AB Holding Units will vest (after which they are no longer subject to forfeiture) ratably on each of December 1, 2017, 2018 and 2019, provided, with respect to each installment, Mr. Gingrich continues to be employed by our firm.

(5) We have not provided 2014 compensation for Mr. Cranch because he was not a named executive officer in 2014.

The "All Other Compensation" column includes the aggregate incremental cost to our company of certain other expenses and perquisites. For 2016, this column includes the following:

Name	Quarterly Distributions on AB Holding Unit Awards ($)	Aircraft-related Imputed Income ($)	Personal Use of Car and Driver ($)	Contributions to Profit Sharing Plan ($)	Life Insurance Premiums ($)	Financial Planning Services ($)
Peter S. Kraus[1]	5,716,309	39,792 [4]	185,325 [5]	13,250	—	—
James A. Gingrich[2]	791,716	—	—	13,250	1,806	21,589

Robert P. van Brugge	310,816	—	—	13,250	630	—
Laurence E. Cranch[3]	308,115	—	—	13,250	5,191	—
John C. Weisenseel	96,578	—	—	13,250	1,677	—

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(1) Includes $2,858,154 paid on AB Holding Units that have not yet vested and $2,858,155 paid on AB Holding Units that have vested but with respect to which delivery has been voluntarily deferred.

(2) Includes $692,432 paid on AB Holding Units that have not yet vested and $99,284 paid on AB Holding Units that have vested but with respect to which delivery has been voluntarily deferred.

(3) Includes $120,673 paid on AB Holding Units that have not yet vested and $187,442 paid on AB Holding Units that have vested but with respect to which delivery has been voluntarily deferred.

(4) We use the Standard Industry Fare Level ("SIFL") methodology to calculate the amount to include in the taxable income of named executive officers for the personal use of company-leased aircraft. Using the SIFL methodology, which was approved by the Compensation Committee, limits our ability to deduct the full cost of personal use of company-leased aircraft by our executive officers. Mr. Kraus reimburses AB for any incremental cost resulting from his personal use of company-leased aircraft. However, taxable income is imputed to Mr. Kraus for business flights on which family members are aboard. The figure in the table represents the taxable income for the 12 months ended October 31, 2016 that was imputed to Mr. Kraus. In addition, AB was unable to deduct approximately $826,000 of the cost of company-leased aircraft, representing a tax cost to AB of $7,849, due to the fact that family members accompanied Mr. Kraus on certain trips on company-leased aircraft taken for business purposes.

(5) Includes lease costs ($15,423), driver compensation ($145,984) and other car-related costs ($23,918), such as parking, gas, tolls, and repairs and maintenance.

Grants of Plan-based Awards in 2016

Grants of awards under the 2010 Plan, our equity compensation plan, during 2016 made to our named executive officers are as follows:

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock Awards[1] ($)
Peter S. Kraus	—	—	—
James A. Gingrich[2]	12/9/2016	140,517	3,260,000
Robert P. van Brugge[2]	12/9/2016	69,397	1,610,000
Laurence E. Cranch[2]	12/9/2016	26,293	610,000
John C. Weisenseel[2]	12/9/2016	28,987	672,500

(1) This column provides the aggregate grant date fair value of the awards calculated in accordance with FASB ASC Topic 718. For the assumptions made in determining these values, see Note 17 to AB's consolidated financial statements in Item 8.

(2) As discussed above in “Overview of 2016 Incentive Compensation Program” and “Compensation Elements for Named Executive Officers—Long-Term Incentive Compensation Awards”, long-term incentive compensation awards generally are denominated in restricted AB Holding Units. The 2016 long-term incentive compensation awards granted to our named executive officers under the Incentive Compensation Program and the 2010 Plan are shown in the “All Other Stock Awards” column of this table, the “Stock Awards” column of the Summary Compensation

Table and the “AB Holding Unit Awards” columns of the Outstanding Equity Awards at 2016 Fiscal Year-End Table.

In 2016, the number of restricted AB Holding Units comprising long-term incentive compensation awards granted to each named executive officer (other than Mr. Kraus, who was not granted an incentive compensation award in 2016) was determined based on the closing price of an AB Holding Unit as reported for NYSE composite transactions on December 9, 2016, the date on which the Compensation Committee approved the awards. For further information regarding the material terms of such awards, including the vesting terms and the formulas or criteria to be applied in determining the amounts payable, please refer to "Overview of 2016 Incentive Compensation Program", "Compensation Elements for Named Executive Officers-Long-Term Incentive Compensation Awards" and "Other Factors Considered When Determining Named Executive Officer Compensation" above.

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Outstanding Equity Awards at 2016 Fiscal Year-End

Outstanding equity awards held by our named executive officers as of December 31, 2016 are as follows:

	Option Awards				AB Holding Unit Awards	
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested[8] ($)
Peter S. Kraus[1]	—	—	—	—	1,088,821	25,532,848
James A. Gingrich[2][3]	263,533	—	17.05	1/23/2019	377,481	8,851,922
Robert P. van Brugge[4]	—	—	—	—	175,804	4,122,594
Laurence E. Cranch[5][6]	78,348	—	17.05	1/23/2019	67,406	1,580,662
John C. Weisenseel[7]	—	—	—	—	64,251	1,506,680

(1) Subject to accelerated vesting clauses in the Kraus Employment Agreement (e.g., immediate vesting upon a “change in control” of our firm), the June 2012 Grant vests ratably on each of the first five anniversaries of December 19, 2013, commencing December 19, 2014, provided, with respect to each installment, Mr. Kraus continues to be employed by AB on the vesting date. However, Mr. Kraus elected to delay delivery of all of the restricted AB Holding Units until December 19, 2018, the final vesting date, subject to acceleration upon a “change in control” of our firm and certain qualifying events of termination of employment. For further information regarding the restricted AB Holding Units awarded to Mr. Kraus under the Kraus Employment Agreement, see “Overview of Our CEO’s Compensation” above.

(2) Mr. Gingrich was awarded (i) 140,517 restricted AB Holding Units in December 2016 that are scheduled to vest in 25% increments on each of December 1, 2017, 2018, 2019 and 2020, (ii) 158,992 restricted AB Holding Units in December 2015, 25% of which vested on December 1, 2016 and the remainder of which is scheduled to vest in 25% increments on each of December 1, 2017, 2018 and 2019, (iii) 150,992 restricted AB Holding Units in December 2014, 25% of which vested on each of December 1, 2015 and 2016, and the remainder of which is scheduled to vest in 25% increments on each of December 1, 2017 and 2018, and (iv) 168,897 restricted AB Holding Units in December 2013, 25% of which vested on each of December 1, 2014, 2015 and 2016, and the remainder of which is scheduled to vest in an additional 25% increment on December 1, 2017.

(3) Mr. Gingrich was granted 263,533 options to buy AB Holding Units in January 2009, 20% of which vested and became exercisable on each of January 23, 2010, 2011, 2012, 2013 and 2014.

(4) Mr. van Brugge was awarded (i) 69,397 restricted AB Holding Units in December 2016 that are scheduled to vest in 25% increments on each of December 1, 2017, 2018, 2019 and 2020, (ii) 76,455 restricted AB Holding Units in December 2015, 25% of which vested on December 1, 2016 and the remainder of which is scheduled to vest in 25% increments on each of December 1, 2017, 2018 and 2019, (iii) 68,482 restricted AB Holding Units in December 2014, 25% of which vested on each of December 1, 2015 and 2016, and the remainder of which is scheduled to vest in 25% increments on each of December 1, 2017 and 2018, and (iv) 59,299 restricted AB Holding Units in December 2013, 25% of which vested on each of December 1, 2014, 2015 and 2016, and the remainder of which is scheduled to vest in an additional 25% increment on December 1, 2017.

(5) Mr. Cranch was awarded (i) 26,293 restricted AB Holding Units in December 2016 that are scheduled to vest in 25% increments on each of December 1, 2017, 2018, 2019 and 2020, (ii) 27,585 restricted AB Holding Units in December 2015, 25% of which vested on December 1, 2016 and the remainder of which is scheduled to vest in

25% increments on each of December 1, 2017, 2018 and 2019, (iii) 26,197 restricted AB Holding Units in December 2014, 25% of which vested on each of December 1, 2015 and 2016, and the remainder of which is scheduled to vest in 25% increments on each of December 1, 2017 and 2018, and (iv) 29,303 restricted AB Holding Units in December 2013, 25% of which vested on each of December 1, 2014, 2015 and 2016, and the remainder of which is scheduled to vest in an additional 25% increment on December 1, 2017.

(6) Mr. Cranch was granted 78,348 options to buy AB Holding Units in January 2009, 20% of which vested and became exercisable on each of January 23, 2010, 2011, 2012, 2013 and 2014.

(7) Mr. Weisenseel was awarded (i) 28,987 restricted AB Holding Units in December 2016 that are scheduled to vest in 25% increments on each of December 1, 2017, 2018, 2019 and 2020, (ii) 26,499 restricted AB Holding Units in December 2015, 25% of which vested on December 1, 2016 and the remainder of which is scheduled to vest in 25% increments on each of December 1, 2017, 2018 and 2019, (iii) 20,628 restricted AB Holding Units in December 2014, 25% of which

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vested on each of December 1, 2015 and 2016, and the remainder of which is scheduled to vest in 25% increments on each of December 1, 2017 and 2018, and (iv) 20,305 restricted AB Holding Units in December 2013, 25% of which vested on each of December 1, 2014, 2015 and 2016, and the remainder of which is scheduled to vest in an additional 25% increment on December 1, 2017.

(8) The market values of restricted AB Holding Units set forth in this column were calculated assuming a price per AB Holding Unit of $23.45, which was the closing price on the NYSE of an AB Holding Unit on December 30, 2016, the last trading day of AB's last completed fiscal year.

Option Exercises and AB Holding Units Vested in 2016

AB Holding Units held by our named executive officers that vested during 2016 are as follows:

Name	AB Holding Unit Awards Number of AB Holding Units Acquired on Vesting (#)	Value Realized on Vesting ($)
Peter S. Kraus[1]	544,410	12,330,887
James A. Gingrich	158,712	3,634,505
Robert P. van Brugge	71,202	1,630,526
Laurence E. Cranch	27,843	637,605
John C. Weisenseel	19,924	456,260

(1) Mr. Kraus deferred delivery of the 544,410 restricted AB Holding Units that vested in December 2016. See "Overview of Our CEO's Compensation – Compensation Elements – Restricted AB Holding Units" above for additional information.

Pension Benefits for 2016

None of our named executive officers are entitled to benefits under the Amended and Restated Retirement Plan for Employees of AB (as amended and restated as of January 1, 2016, "Retirement Plan"), our company pension plan. For additional information regarding the Retirement Plan, including interest rates and actuarial assumptions, see Note 16 to AB's consolidated financial statements in Item 8.

Non-Qualified Deferred Compensation for 2016

Vested and unvested non-qualified deferred compensation contributions, earnings and distributions of our named executive officers during 2016 and their non-qualified deferred compensation plan balances as of December 31, 2016 are as follows:

Name	Executive Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)

Peter S. Kraus[1]	12,330,896	(217,764)	—	51,065,696
James A. Gingrich[2]	—	150,076	(178,489)	1,243,151
Robert P. van Brugge	—	—	—	—
Laurence E. Cranch[2]	—	(1,542)	(412,680)	—
John C. Weisenseel[3]	—	138	(25,150)	—

(1) Mr. Kraus deferred delivery of the 544,410 restricted AB Holding Units that vested in December 2016, the value of which, as of December 19, 2016 (vesting date), is reflected in "Executive Contributions in Last FY", until the earlier of December 19, 2018, his death and the date on which a change in control of AB occurs. "Aggregate Earnings in Last FY" represents the change in the value of these restricted AB Holding Units from December 19, 2016 to December 31, 2016. "Aggregate Balance at Last FYE" represents the aggregate value of the portions of the June 2012 Grant that are scheduled to vest in equal increments on each of December 19, 2017 and 2018. See “Overview of Our CEO’s Compensation – Compensation Elements – Restricted AB Holding Units” above for additional information.

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(2) Amounts shown reflect Messrs. Gingrich's and Cranch's interests from pre-2009 awards under the predecessor plan to the Incentive Compensation Program, under which plan participants were permitted to allocate their awards (i) among notional investments in AB Holding Units, certain of the investment services we provided to clients and a money market fund, or (ii) under limited circumstances, in options to buy AB Holding Units. For additional information about the Incentive Compensation Program, see Notes 2 and 17 to AB's consolidated financial statements in Item 8.

(3) The amounts shown in "Aggregate Earnings in Last FY" for Mr. Weisenseel reflects the interest payments associated with the Deferred Cash portion of his long-term incentive compensation award granted in 2012. Interest accrues monthly based on our monthly weighted average cost of funds (approximately 0.6% in 2016) and will be credited to Mr. Weisenseel annually until the cash is distributed him. The amounts shown in "Aggregate Withdrawals/Distributions" for Mr. Weisenseel represents his Deferred Cash distribution during 2016.

Potential Payments upon Termination or Change in Control

Estimated payments and benefits to which our named executive officers would have been entitled upon a change in control of AB or the specified qualifying events of termination of employment as of December 31, 2016 are as follows:

Name	Cash Payments[1] ($)	Acceleration of Restricted AB Holding Unit Awards[2] ($)	Other Benefits ($)
Peter S. Kraus[3]			
Change in control	—	25,532,848	21,908
Termination by AB without cause	—	25,532,848	21,908
Termination by Mr. Kraus for good reason	—	25,532,848	21,908
Death or disability[4][5]	—	12,766,424	21,908
James A. Gingrich			
Resignation or termination by AB without cause (complies with applicable agreements and restrictive covenants)[2]	—	8,851,922	—
Death or disability[6]	—	8,851,922	—
Robert P. van Brugge			
Resignation or termination by AB without cause (complies with applicable agreements and restrictive covenants)[2]	—	4,122,594	—
Death or disability[6]	—	4,122,594	—
Laurence E. Cranch			
Resignation or termination by AB without cause (complies with applicable agreements and restrictive covenants)[2]	—	1,580,662	—
Death or disability[6]	—	1,580,662	—
John C. Weisenseel			
Resignation or termination by AB without cause (complies with applicable agreements and restrictive covenants)[2]	—	1,506,680	—
Death or disability[6]	—	1,506,680	—

(1) It is possible that each named executive officer, other than Mr. Kraus, could receive a cash severance payment on the termination of his employment. The amounts of any such cash severance payments would be determined at the time of such termination, so we are unable to estimate such amounts.

(2) See Notes 2 and 17 in AB's consolidated financial statements in Item 8 and "Compensation Elements for Named Executive Officers – Long-Term Incentive Compensation Awards" above for a discussion of the terms set forth in

long-term incentive compensation award agreements relating to termination of employment.

(3) See "Overview of Our CEO's Compensation" above for a discussion of the terms set forth in the Kraus Employment Agreement relating to termination of employment.

(4) The Kraus Employment Agreement defines “Disability” as a good faith determination by AB that Mr. Kraus is physically or mentally incapacitated and has been unable for a period of 120 days in the aggregate during any 12-month period to perform substantially all of the duties for which he is responsible immediately before the commencement of the incapacity.

(5) Under the Kraus Employment Agreement, upon termination of Mr. Kraus’s employment due to death or disability, AB will provide at its expense continued health and welfare benefits for Mr. Kraus, his spouse and his dependents through the end of the calendar year in which termination occurs. Thereafter, until the date Mr. Kraus (or, in the case of his spouse, his

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spouse) reaches age 65, AB will provide Mr. Kraus and his spouse with access to participation in AB's medical plans at Mr. Kraus's (or his spouse's) sole expense based on a reasonably determined fair market value premium rate.

(6) "Disability" is defined in the Incentive Compensation Program award agreements of each of Messrs. Gingrich, van Brugge, Cranch and Weisenseel, and in the Special Option Program award agreement of Messrs. Gingrich and Cranch, as the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last for a continuous period of not less than 12 months, as determined by the carrier of the long-term disability insurance program maintained by AB or its affiliate that covers the named executive officer.

Director Compensation in 2016

During 2016, we compensated our directors, who are not employed by our company or by any of our affiliates ("Eligible Directors"), as follows:

Name	Fees Earned or Paid in Cash($)	Stock Awards(1)(3) ($)	Option Awards(2)(3) ($)	Total($)
Christopher M. Condron(4)	148,375	75,000	75,000	298,375
Steven G. Elliott(4)	195,750	150,000	—	345,750
Deborah S. Hechinger(4)	140,875	75,000	75,000	290,875
Weston M. Hicks(4)	128,000	150,000	—	278,000
Heidi S. Messer(4)	126,500	150,000	—	276,500
Scott A. Schoen(4)	128,000	150,000	—	278,000
Lorie A. Slutsky(4)	143,500	150,000	—	293,500
Joshua A. Weinreich	111,125	150,000	—	261,125

(1) The aggregate number of restricted AB Holding Units underlying awards outstanding but not yet distributed at December 31, 2016 was: for Mr. Condron and Ms. Hechinger, 7,814 AB Holding Units; for Ms. Messer, 10,407 AB Holding Units; and for each of Ms. Slutsky and Messrs. Elliott, Hicks, Schoen and Weinreich, 15,627 AB Holding Units.

(2) The aggregate number of options outstanding at December 31, 2016 was: for Mr. Condron, options to buy 91,376 AB Holding Units; for Mr. Elliott, options to buy 26,383 AB Holding Units; for Ms. Hechinger, options to buy 118,141 AB Holding Units; for Mr. Hicks, options to buy 42,510 AB Holding Units; for Ms. Slutsky, options to buy 39,398 AB Holding Units; and for Mr. Weinreich, options to buy 5,774 AB Holding Units. Ms. Messer and Mr. Schoen do not own any options to buy AB Holding Units.

(3) Reflects the aggregate grant date fair value of the awards calculated in accordance with FASB ASC Topic 718. For the assumptions made in determining these values, see Note 17 to AB's consolidated financial statements in Item 8.

(4) Includes retainer payments made in December 2016 relating to the fourth quarter of 2016, which payments should have been made in January 2017.

The General Partner pays fees, and makes equity-based awards, only to Eligible Directors. At a regularly-scheduled meeting of the Board held during July 2015, the Board approved, effective January 1, 2016, the Eligible Director compensation elements described immediately below and agreed to re-consider such compensation elements no less frequently than every five years:

- an annual retainer of $75,000 (paid quarterly after any quarter during which an Eligible Director serves on the Board);
- a fee of $5,000 for participating in any meeting of the Board, whether in person or by telephone, in excess of the six regularly-scheduled Board meetings each year;

- a fee of $2,000 for participating in any meeting of any duly constituted committee of the Board, whether in person or by telephone, in excess of the number of regularly-scheduled committee meetings each year (i.e., in excess of seven meetings of the Audit Committee and three meetings of each of the Executive Committee, the Compensation Committee and the Governance Committee);
- an annual retainer of $20,000 for acting as Lead Independent Director;
- an annual retainer of $25,000 for acting as Chair of the Audit Committee;
- an annual retainer of $12,500 for acting as Chair of the Compensation Committee;
- an annual retainer of $12,500 for acting as Chair of the Governance Committee;
- an annual retainer of $12,500 for serving as a member of the Audit Committee;
- an annual retainer of $6,000 for serving as a member of the Executive Committee;
- an annual retainer of $6,000 for serving as a member of the Compensation Committee;
- an annual retainer of $6,000 for serving as a member of the Governance Committee; and

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- an annual equity-based grant under an equity compensation plan consisting of (at each Eligible Director's election):
- restricted AB Holding Units with a grant date value of $150,000;
- options to buy AB Holding Units with a grant date value of $150,000; or
- restricted AB Holding Units with a grant date value of $75,000 and options to buy AB Holding Units with a grant date value of $75,000.

The Board also approved, effective in 2018, the following increases to Eligible Director compensation:

- an annual retainer of $85,000 (paid quarterly after any quarter during which the director serves on the Board); and
- an annual equity-based grant under an equity compensation plan consisting of (at each Eligible Director's election):
- restricted AB Holding Units with a grant date value of $170,000;
- options to buy AB Holding Units with a grant date value of $170,000; or
- restricted AB Holding Units with a grant date value of $85,000 and options to buy AB Holding Units with a grant date value of $85,000.

Equity grants to Eligible Directors generally are made at the May meeting of the Board. The date of the May meeting is set by the Board the previous year.

At a regularly-scheduled meeting of the Board held during May 2016, the Board, consistent with elections made by our Eligible Directors during the first quarter of 2016, granted to (i) each of Mr. Condron and Ms. Hechinger, 3,313 restricted AB Holding Units and options to buy 27,273 AB Holding Units at $22.64 per AB Holding Unit, and (ii) each of Mses. Messer and Slutsky and Messrs. Elliott, Hicks, Schoen and Weinreich, 6,626 restricted AB Holding Units. The exercise price of the options was the closing price of an AB Holding Unit as reported for NYSE composite transactions on May 19, 2016, the date on which the Board approved the awards. For information about how the Black-Scholes value was calculated, see Notes 2 and 17 to AB's consolidated financial statements in Item 8.

Options granted to Eligible Directors become exercisable ratably over three years. Restricted AB Holding Units granted to Eligible Directors "cliff" vest after three years (i.e., 100% of the award is distributed on the third anniversary of the grant date). In order to avoid any perception that our directors' exercise of their fiduciary duties might be impaired, these options and restricted AB Holding Units are not forfeitable, except if the Eligible Director is terminated for "Cause", as that term is defined in the 2010 Plan or the applicable award agreement. Accordingly, vesting and exercisability of options continues following an Eligible Director's resignation from the Board. Restricted AB Holding Units are distributed as soon as administratively feasible following an Eligible Director's resignation from the Board.

The General Partner may reimburse any director for reasonable expenses incurred in connection with attendance at Board meetings as well as additional Board responsibilities. AB Holding and AB, in turn, reimburse the General Partner for expenses incurred by the General Partner on their behalf, including amounts in respect of directors' fees and expenses. These reimbursements are subject to any relevant provisions of the AB Holding Partnership Agreement and the AB Partnership Agreement.

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Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Securities Authorized for Issuance under Equity Compensation Plans

AB Holding Units to be issued pursuant to our equity compensation plans as of December 31, 2016 are as follows:

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance[1]
Equity compensation plans approved by security holders	5,085,043	$ 49.45	7,698,253
Equity compensation plans not approved by security holders	—	—	—
Total	5,085,043	$ 49.45	7,698,253

(1) All AB Holding Units remaining available for future issuance will be issued pursuant to the 2010 Plan.

There are no AB Units to be issued pursuant to an equity compensation plan.

For information about our equity compensation plans, see Note 17 to AB's consolidated financial statements in Item 8.

Principal Security Holders

As of December 31, 2016, we had no information that any person beneficially owned more than 5% of the outstanding AB Holding Units.

As of December 31, 2016, we had no information that any person beneficially owned more than 5% of the outstanding AB Units, except as reported by AXA and certain of its subsidiaries on Schedule 13D/A and Forms 4 filed with the SEC on January 5, 2016 pursuant to the Exchange Act. We have prepared the following table, and the notes that follow, in reliance on such filings:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership Reported on Schedule	Percent of Class
AXA[1][2][3][4][5] 25 avenue Matignon 75008 Paris, France	170,121,745[4][5]	63.3[4][5]

(1) Based on information provided by AXA Financial, on December 31, 2016, AXA and certain of its subsidiaries beneficially owned all of AXA Financial's outstanding common stock. For insurance regulatory purposes, the

shares of common stock of AXA Financial beneficially owned by AXA and its subsidiaries have been deposited into a voting trust ("Voting Trust"), the term of which ends on April 29, 2021. The trustees of the Voting Trust ("Voting Trustees") are Denis Duverne and Mark Pearson. Mr. Duverne serves on the Board of Directors of AXA, while Mr. Pearson serves on the Management Committee of AXA. The Voting Trustees have agreed to exercise their voting rights to protect the legitimate economic interests of AXA, but with a view to ensuring that certain minority shareholders of AXA do not exercise control over AXA Financial or certain of its insurance subsidiaries.

(2) Based on information provided by AXA, as of December 31, 2016, 14.13% of the issued ordinary shares (representing 23.93% of the voting power) of AXA were owned directly and indirectly by two French mutual insurance companies (AXA Assurances IARD Mutuelle and AXA Assurances Vie Mutuelle) engaged in the Property & Casualty insurance business and the Life & Savings insurance business in France ("Mutuelles AXA").

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(3) The Voting Trustees and the Mutuelles AXA, as a group, may be deemed to be beneficial owners of all AB Units beneficially owned by AXA and its subsidiaries. By virtue of the provisions of the Voting Trust Agreement, AXA may be deemed to have shared voting power with respect to the AB Units. AXA and its subsidiaries have the power to dispose or direct the disposition of all shares of the capital stock of AXA Financial deposited in the Voting Trust. The Mutuelles AXA, as a group, may be deemed to share the power to vote or to direct the vote and to dispose or to direct the disposition of all the AB Units beneficially owned by AXA and its subsidiaries. The address of each of AXA and Mr. Duverne is 25 avenue Matignon, 75008 Paris, France. The address of Mr. Pearson is 1290 Avenue of the Americas, New York, NY 10104. The address of the Mutuelles AXA is 313 Terrasses de l'Arche, 92727 Nanterre Cedex, France.

(4) By reason of their relationships, AXA, the Voting Trustees, the Mutuelles AXA, AXA America Holdings, Inc. (a subsidiary of AXA, "AXA America"), AXA Equitable Financial Services, LLC (a subsidiary of AXA America), AXA-IM Holding U.S. (a 96.23%-owned subsidiary of AXA), AXA Financial, AXA Equitable, Coliseum Reinsurance Company (a subsidiary of AXA Financial), ACMC, LLC (a subsidiary of AXA Equitable) and MLOA may be deemed to share the power to vote or to direct the vote and to dispose or direct the disposition of all or a portion of the 268,893,534 issued and outstanding AB Units.

(5) AXA has reported on Schedule 13D/A and Forms 3 and 4 filed with the SEC on January 5, 2016 that, by reason of its ownership of 100% of the outstanding shares of common stock of AXA America and its ownership of 96.23% of the outstanding shares of common stock of AXA-IM Holding U.S., AXA may be deemed to beneficially own all of the issued and outstanding AB Units owned directly and indirectly by AXA America and AXA-IM Holding U.S.

As of December 31, 2016, AB Holding was the record owner of 96,652,190, or 35.9%, of the issued and outstanding AB Units.

Management

As of December 31, 2016, the beneficial ownership of AB Holding Units by each director and named executive officer of the General Partner and by all directors and executive officers as a group is as follows:

Name of Beneficial Owner	Number of AB Holding Units and Nature of Beneficial Ownership	Percent of Class
Peter S. Kraus[1][2]	4,337,643	4.5 %
Christopher M. Condron[3]	112,190	*
Denis Duverne[1]	2,000	*
Steven G. Elliott[4]	53,424	*
Deborah S. Hechinger[5]	95,190	*
Weston M. Hicks[6]	58,137	*
Heidi S. Messer	10,407	*
Mark Pearson[1]	—	*
Scott A. Schoen[7]	77,612	*
Lorie A. Slutsky[1][8]	72,227	*
Joshua A. Weinreich[9]	22,644	*
James A. Gingrich[1][10]	1,113,950	1.2
Laurence E. Cranch[1][11]	308,977	*
Robert P. van Brugge[1][12]	278,413	*

John C. Weisenseel[1][13]	138,745	*
All directors and executive officers as a group (16 persons)[14][15][16]	6,713,387	6.9 %

* Number of AB Holding Units listed represents less than 1% of the Units outstanding.

(1) Excludes AB Holding Units beneficially owned by AXA and its subsidiaries. Ms. Slutsky and Messrs. Duverne and Pearson are directors and/or officers of AXA, AXA Financial and/or AXA Equitable. Messrs. Kraus, Gingrich, Cranch, van Brugge and Weisenseel are directors and/or officers of the General Partner.

(2) Includes 3,266,462 restricted AB Holding Units awarded to Mr. Kraus pursuant to the Kraus Employment Agreement or his previous employment agreement that have not yet vested and/or with respect to which he has deferred delivery. See

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“Overview of Our CEO’s Compensation – Compensation Elements – Restricted AB Holding Units” in Item 11 for additional information regarding Mr. Kraus’s AB Holding Unit awards.

(3) Includes 50,231 AB Holding Units Mr. Condron can acquire within 60 days under an AB option plan.

(4) Includes 26,383 AB Holding Units Mr. Elliott can acquire within 60 days under an AB option plan.

(5) Includes 76,996 AB Holding Units Ms. Hechinger can acquire within 60 days under an AB option plan.

(6) Includes 42,510 AB Holding Units Mr. Hicks can acquire within 60 days under an AB option plan.

(7) Excludes 2,000 AB Holding Units owned by the Sheldon S. Schoen Irrevocable Trust, of which Mr. Schoen serves as Trustee. Mr. Schoen disclaims beneficial ownership of these 2,000 AB Holding Units.

(8) Includes 39,398 AB Holding Units Ms. Slutsky can acquire within 60 days under an AB option plan.

(9) Includes 5,774 AB Holding Units Mr. Weinreich can acquire within 60 days under an AB option plan.

(10) Includes 263,533 AB Holding Units Mr. Gingrich can acquire within 60 days under an AB option plan and 472,962 restricted AB Holding Units awarded to Mr. Gingrich as long-term incentive compensation that have not yet vested or with respect to which he has deferred delivery. For information regarding Mr. Gingrich’s long-term incentive compensation awards, see “Grants of Plan-based Awards in 2016” and “Outstanding Equity Awards at 2016 Fiscal Year-End” in Item 11.

(11) Includes 78,348 AB Holding Units Mr. Cranch can acquire within 60 days under an AB option plan and 188,390 restricted AB Holding Units awarded to Mr. Cranch as long-term incentive compensation that have not yet vested or with respect to which he has deferred delivery. For information regarding Mr. Cranch's long-term incentive compensation awards, see “Grants of Plan-based Awards in 2016” and “Outstanding Equity Awards at 2016 Fiscal Year-End” in Item 11.

(12) Includes 175,804 restricted AB Holding Units awarded to Mr. van Brugge as long-term incentive compensation that have not yet vested or with respect to which he has deferred delivery. For information regarding Mr. van Brugge’s long-term incentive compensation awards, see “Grants of Plan-based Awards in 2016” and “Outstanding Equity Awards at 2016 Fiscal Year-End” in Item 11.

(13) Includes 70,876 restricted AB Holding Units awarded to Mr. Weisenseel as long-term incentive compensation that have not yet vested or with respect to which he has deferred delivery. For information regarding Mr. Weisenseel’s long-term incentive compensation awards, see “Grants of Plan-based Awards in 2016” and “Outstanding Equity Awards at 2016 Fiscal Year-End” in Item 11.

(14) Includes 583,173 AB Holding Units the directors and executive officers as a group can acquire within 60 days under AB option plans.

(15) Includes 4,199,527 restricted AB Holding Units awarded to the executive officers as a group as long-term incentive compensation that have not yet vested and/or with respect to which the executive officer has deferred delivery.

(16) Includes 31,828 AB Holding Units owned by Kate C. Burke, who is deemed an executive officer but not a named executive officer. Of these AB Holding Units, 25,033 are restricted AB Holding Units awarded to Ms. Burke as long-term incentive compensation that have not yet vested or with respect to which she has deferred delivery.

As of December 31, 2016, our directors and executive officers did not beneficially own any AB Units.

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As of December 31, 2016, the beneficial ownership of the common stock of AXA by each director and named executive officer of the General Partner and by all directors and executive officers as a group is as follows:

AXA Common Stock[(1)]

Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Class
Peter S. Kraus	—	*
Christopher M. Condron[(2)]	1,330,661	*
Denis Duverne[(3)]	2,167,767	*
Steven G. Elliott	—	*
Deborah S. Hechinger	—	*
Weston M. Hicks	—	*
Heidi S. Messer	—	*
Mark Pearson[(4)]	855,687	*
Scott A. Schoen	—	*
Lorie A. Slutsky[(5)]	49,363	*
Joshua A. Weinreich	—	*
James A. Gingrich	—	*
Laurence E. Cranch	—	*
Robert P. van Brugge	—	*
John C. Weisenseel	—	*
All directors and executive officers as a group (16 persons)[(6)]	4,403,478	*

* Number of shares listed represents less than 1% of the outstanding AXA common stock.

(1) Holdings of AXA American Depositary Shares (“ADS”) are expressed as their equivalent in AXA common stock. Each AXA ADS represents the right to receive one AXA ordinary share.

(2) Includes 974,724 shares Mr. Condron can acquire within 60 days under option plans. Also includes 231,987 deferred restricted ADS units under AXA’s Variable Deferred Compensation Plan for Executives.

(3) Includes 800,318 shares Mr. Duverne can acquire within 60 days under option plans.

(4) Includes 453,656 shares Mr. Pearson can acquire within 60 days under options plans. Also includes 272,129 AXA performance shares, which are paid out when vested based on the price of AXA at that time and are subject to achievement of internal performance conditions.

(5) Includes 9,393 shares Ms. Slutsky can acquire within 60 days under option plans.

(6) Includes 2,238,091 shares the directors and executive officers as a group can acquire within 60 days under option plans.

Partnership Matters

The General Partner makes all decisions relating to the management of AB and AB Holding. The General Partner has agreed that it will conduct no business other than managing AB and AB Holding, although it may make certain investments for its own account. Conflicts of interest, however, could arise between AB and AB Holding, the General Partner and the Unitholders of both Partnerships.

Section 17-403(b) of the Delaware Revised Uniform Limited Partnership Act (“Delaware Act”) states in substance that, except as provided in the Delaware Act or the applicable partnership agreement, a general partner of a limited

partnership has the liabilities of a general partner in a general partnership governed by the Delaware Uniform Partnership Law (as in effect on July 11, 1999) to the partnership and to the other partners. In addition, as discussed below, Sections 17-1101(d) and 17-1101(f) of the Delaware Act generally provide that a partnership agreement may limit or eliminate fiduciary duties a partner may be deemed to owe to the limited partnership or to another partner, and any related liability, provided that the partnership agreement may not limit or eliminate the implied contractual covenant of good faith and fair dealing. Accordingly, while under Delaware law a general partner of a limited partnership is liable as a fiduciary to the other partners, those fiduciary obligations may be altered by the terms of the applicable partnership agreement. Each of the AB Partnership Agreement and AB Holding Partnership Agreement (each a “Partnership Agreement” and, together, the “Partnership Agreements”) sets forth limitations

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on the duties and liabilities of the General Partner. Each Partnership Agreement provides that the General Partner is not liable for monetary damages for errors in judgment or for breach of fiduciary duty (including breach of any duty of care or loyalty) unless it is established (the person asserting such liability having the burden of proof) that the General Partner's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury, with reckless disregard for the best interests of the Partnerships or with actual bad faith on the part of the General Partner, or constituted actual fraud. Whenever the Partnership Agreements provide that the General Partner is permitted or required to make a decision (i) in its "discretion" or under a grant of similar authority or latitude, the General Partner is entitled to consider only such interests and factors as it desires and has no duty or obligation to consider any interest of or other factors affecting the Partnerships or any Unitholder of AB or AB Holding or (ii) in its "good faith" or under another express standard, the General Partner will act under that express standard and will not be subject to any other or different standard imposed by either Partnership Agreement or applicable law or in equity or otherwise. Each Partnership Agreement further provides that to the extent that, at law or in equity, the General Partner has duties (including fiduciary duties) and liabilities relating thereto to either Partnership or any partner, the General Partner acting under either Partnership Agreement, as applicable, will not be liable to the Partnerships or any partner for its good faith reliance on the provisions of the Partnership Agreement.

In addition, each Partnership Agreement grants broad rights of indemnification to the General Partner and its directors, officers and affiliates and authorizes AB and AB Holding to enter into indemnification agreements with the directors, officers, partners, employees and agents of AB and its affiliates and AB Holding and its affiliates. The Partnerships have granted broad rights of indemnification to officers and employees of AB and AB Holding. The foregoing indemnification provisions are not exclusive, and the Partnerships are authorized to enter into additional indemnification arrangements. AB and AB Holding have obtained directors and officers/errors and omissions liability insurance.

Each Partnership Agreement also allows transactions between AB and AB Holding and the General Partner or its affiliates, as we describe in "Policies and Procedures Regarding Transactions with Related Persons" in Item 13, so long as such transactions are on an arms-length basis. The Delaware courts have held that provisions in partnership or limited liability company agreements that permit affiliate transactions so long as they are on an arms-length basis operate to establish a contractually-agreed-to fiduciary duty standard of entire fairness on the part of the general partner or manager in connection with the approval of affiliate transactions. Also, each Partnership Agreement expressly permits all affiliates of the General Partner to compete, directly or indirectly, with AB and AB Holding, as we discuss in "Competition" in Item 1. The Partnership Agreements further provide that, except to the extent that a decision or action by the General Partner is taken with the specific intent of providing an improper benefit to an affiliate of the General Partner to the detriment of AB or AB Holding, there is no liability or obligation with respect to, and no challenge of, decisions or actions of the General Partner that would otherwise be subject to claims or other challenges as improperly benefiting affiliates of the General Partner to the detriment of the Partnerships or otherwise involving any conflict of interest or breach of a duty of loyalty or similar fiduciary obligation.

Section 17-1101(c) of the Delaware Act provides that it is the policy of the Delaware Act to give maximum effect to the principle of freedom of contract and to the enforceability of partnership agreements. Further, Section 17-1101(d) of the Delaware Act provides in part that to the extent that, at law or in equity, a partner has duties (including fiduciary duties) to a limited partnership or to another partner, those duties may be expanded, restricted, or eliminated by provisions in a partnership agreement (provided that a partnership agreement may not eliminate the implied contractual covenant of good faith and fair dealing). In addition, Section 17-1101(f) of the Delaware Act provides that a partnership agreement may limit or eliminate any or all liability of a partner to a limited partnership or another partner for breach of contract or breach of duties (including fiduciary duties); provided, however, that a partnership agreement may not limit or eliminate liability for any act or omission that constitutes a bad faith violation of the implied contractual covenant of good faith and fair dealing. Decisions of the Delaware courts have recognized the right of parties, under the above provisions of the Delaware Act, to alter by the terms of a partnership agreement

otherwise applicable fiduciary duties and liability for breach of duties. However, the Delaware courts have required that a partnership agreement make clear the intent of the parties to displace otherwise applicable fiduciary duties (the otherwise applicable fiduciary duties often being referred to as "default" fiduciary duties). Judicial inquiry into whether a partnership agreement is sufficiently clear to displace default fiduciary duties is necessarily fact driven and is made on a case by case basis. Accordingly, the effectiveness of displacing default fiduciary obligations and liabilities of general partners continues to be a developing area of the law and it is not certain to what extent the foregoing provisions of the Partnership Agreements are enforceable under Delaware law.

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Item 13. Certain Relationships and Related Transactions, and Director Independence

Policies and Procedures Regarding Transactions with Related Persons

Each Partnership Agreement expressly permits AXA and its affiliates, which includes AXA Equitable and its affiliates (collectively, "AXA Affiliates"), to provide services to AB and AB Holding if the terms of the transaction are approved by the General Partner in good faith as being comparable to (or more favorable to each such Partnership than) those that would prevail in a transaction with an unaffiliated party. This requirement is conclusively presumed to be satisfied as to any transaction or arrangement that (i) in the reasonable and good faith judgment of the General Partner meets that unaffiliated party standard, or (ii) has been approved by a majority of those directors of the General Partner who are not also directors, officers or employees of an affiliate of the General Partner.

In practice, our management pricing committees review investment advisory agreements with AXA Affiliates, which is the manner in which the General Partner reaches a judgment regarding the appropriateness of the fees. Other transactions with AXA Affiliates are submitted to the Audit Committee for their review and approval. (See "Committees of the Board" in Item 10 for details regarding the Audit Committee.) We are not aware of any transaction during 2016 between our company and any related person with respect to which these procedures were not followed.

Our relationships with AXA Affiliates also are subject to applicable provisions of the insurance laws and regulations of New York and other states. Under such laws and regulations, the terms of certain investment advisory and other agreements we enter into with AXA Affiliates are required to be fair and equitable and charges or fees for services performed must be reasonable. Also, in some cases, the agreements are subject to regulatory approval.

We have written policies regarding the employment of immediate family members of any of our related persons. Compensation and benefits for all of our employees is established in accordance with our human resources practices, taking into consideration the defined qualifications, responsibilities and nature of the role.

Financial Arrangements with AXA Affiliates

The General Partner has, in its reasonable and good faith judgment (based on its knowledge of, and inquiry with respect to, comparable arrangements with or between unaffiliated parties), approved the following arrangements with AXA Affiliates as being comparable to, or more favorable to AB than, those that would prevail in a transaction with an unaffiliated party.

Transactions between AB and related persons during 2016 are as follows (the first table summarizes services we provide to related persons and the second table summarizes services our related persons provide to us):

Parties[1]	General Description of Relationship[2]	Amounts Received or Accrued for in 2016
AXA Equitable[3]	We provide investment management services and ancillary accounting, valuation, reporting, treasury and other services to the general and separate accounts of AXA Equitable and its insurance company subsidiaries.	$57,898,000
EQAT, AXA Enterprise Trust and AXA Premier VIP Trust	We serve as sub-adviser to these open-end mutual funds, each of which is sponsored by a subsidiary of AXA Financial.	$23,956,000
AXA AB Funds		$16,070,000

We provide investment management, distribution and shareholder servicing-related services.

AXA Life Japan Limited(3)	$14,771,000
AXA Switzerland Life(3)	$9,600,000
AXA Re Arizona Company(3)	$8,735,000
AXA U.K. Group Pension Scheme	$7,615,000
AXA France(3)	$6,947,000
AXA Hong Kong Life(3)	$6,677,000

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AXA Germany(3)	$3,004,000
AXA Belgium(3)	$2,240,000
AXA Switzerland Property and Casualty(3)	$1,280,000
MONY Life Insurance Company of America(3)	$1,279,000
AXA Mediterranean(3)	$766,000
AXA Corporate Solutions(3)	$521,000
AIM Deutschland GmbH(3)	$469,000
AXA Investment Managers Ltd. Paris(3)	$395,000
U.S. Financial Life Insurance Company(3)	$392,000
AXA General Insurance Hong Kong Ltd.(3)	$250,000
AXA Investment Managers Ltd.(3)	$188,000
AXA Insurance Company(3)	$143,000
AXA Life Singapore (3)	$142,000
Coliseum Reinsurance(3)	$127,000
AXA MPS (3)	$107,000

Parties(1)(3)	General Description of Relationship	Amounts Paid or Accrued for in 2016
AXA Advisors	Distributes certain of our Retail Products and provides Private Wealth Management referrals.	$16,077,000
AXA Business Services Pvt. Ltd.	Provides data processing services and support for certain investment operations functions.	$5,475,000
AXA Technology Services India Pvt.	Provides certain data processing services and functions.	$5,327,000
AXA Equitable	We are covered by various insurance policies maintained by AXA Equitable.	$2,915,000
AXA Advisors	Sells shares of our mutual funds under Distribution Service and educational Support agreements.	$1,653,000
AXA Group Solutions Pvt. Ltd.	Provides maintenance and development support for applications.	$1,110,000
AXA Wealth	Provides portfolio-related services for assets we manage under the AXA Corporate Trustee Investment Plan.	$908,000
GIE Informatique AXA	Provides cooperative technology development and procurement services to us and to various other subsidiaries of AXA.	$416,000

(1) AB or one of its subsidiaries is a party to each transaction.
(2) We provide investment management services unless otherwise indicated.
(3) This entity is a subsidiary of AXA.

Additional Transactions with Related Persons

AXA Equitable and its affiliates are not obligated to provide funds to us, except for ACMC, LLC's and the General Partner's obligation to fund certain of our incentive compensation and employee benefit plan obligations. ACMC, LLC and the General Partner are obligated, subject to certain limitations, to make capital contributions to AB in an amount equal to the payments AB is required to make as incentive compensation under the employment agreements entered into in connection with AXA Equitable's 1985 acquisition of Donaldson, Lufkin and Jenrette Securities Corporation (since November 2000, a part of Credit Suisse Group) as well as obligations of AB to various employees and their beneficiaries under AB's Capital Accumulation Plan. In 2016, ACMC, LLC made capital contributions to AB in the amount of approximately $1.2 million in respect of these obligations. ACMC, LLC's obligations to make these contributions are guaranteed by Equitable Holdings, LLC (a wholly-owned subsidiary of AXA Equitable), subject to certain limitations. All tax deductions with respect to these obligations, to the

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extent funded by ACMC, LLC, the General Partner or Equitable Holdings, LLC, will be allocated to ACMC, LLC or the General Partner.

Arrangements with Immediate Family Members of Related Persons

During 2016, we did not have arrangements with immediate family members of our directors and executive officers.

Director Independence

See “Independence of Certain Directors” in Item 10.

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Item 14. Principal Accounting Fees and Services

Fees for professional audit services rendered by PricewaterhouseCoopers LLP ("PwC") for the audit of AB's and AB Holding's annual financial statements for 2016 and 2015, respectively, and fees for other services rendered by PwC are as follows:

	2016	2015
	(in thousands)	
Audit fees[1]	$5,173	$5,608
Audit-related fees[2]	3,391	3,195
Tax fees[3]	1,980	2,155
All other fees[4]	548	5
Total	$11,092	$10,963

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(1) Includes $55,606 and $65,563 paid for audit services to AB Holding in 2016 and 2015, respectively.

(2) Audit-related fees consist principally of fees for audits of financial statements of certain employee benefit plans, internal control reviews and accounting consultation.

(3) Tax fees consist of fees for tax consultation and tax compliance services.

(4) All other fees in 2016 and 2015 consisted of miscellaneous non-audit services.

The Audit Committee has a policy to pre-approve audit and non-audit service engagements with the independent registered public accounting firm. The independent registered public accounting firm must provide annually a comprehensive and detailed schedule of each proposed audit and non-audit service to be performed. The Audit Committee then affirmatively indicates its approval of the listed engagements. Engagements that are not listed, but that are of similar scope and size to those listed and approved, may be deemed to be approved, if the fee for such service is less than $100,000. In addition, the Audit Committee has delegated to its chairman the ability to approve any permissible non-audit engagement where the fees are expected to be less than $100,000.

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PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) There is no document filed as part of this Form 10-K.

Financial Statement Schedule.

Attached to this Form 10-K is a schedule describing Valuation and Qualifying Account-Allowance for Doubtful Accounts for the three years ended December 31, 2016, 2015 and 2014.

(b) Exhibits.

The following exhibits required to be filed by Item 601 of Regulation S-K are filed herewith or incorporated by reference herein, as indicated:

Exhibit	Description
3.01	AllianceBernstein Corporation By-Laws with amendments through November 20, 2015 (incorporated by reference to to Exhibit 3.01 to Form 10-K for the fiscal year ended December 31, 2015, as filed February 11, 2016).
3.02	Amended and Restated Certificate of Limited Partnership dated February 24, 2006 of AB Holding (incorporated by reference to Exhibit 99.06 to Form 8-K, as filed February 24, 2006).
3.03	Amendment No. 1 dated February 24, 2006 to Amended and Restated Agreement of Limited Partnership of AB Holding (incorporated by reference to Exhibit 3.1 to Form 10-Q for the quarterly period ended September 30, 2006, as filed November 8, 2006).
3.04	Amended and Restated Agreement of Limited Partnership dated October 29, 1999 of AB Holding (incorporated by reference to Exhibit 3.2 to Form 10-K for the fiscal year ended December 31, 2003, as filed March 10, 2004).
3.05	Amended and Restated Certificate of Limited Partnership dated February 24, 2006 of AB (incorporated by reference to Exhibit 99.07 to Form 8-K, as filed February 24, 2006).`
3.06	Amendment No. 1 dated February 24, 2006 to Amended and Restated Agreement of Limited Partnership of AB (incorporated by reference to Exhibit 3.2 to Form 10-Q for the quarterly period ended September 30, 2006, as filed November 8, 2006).
3.07	Amended and Restated Agreement of Limited Partnership dated October 29, 1999 of AB (incorporated by reference to Exhibit 3.3 to Form 10-K for the fiscal year ended December 31, 2003, as filed March 10, 2004).
3.08	Certificate of Amendment to the Certificate of Incorporation of AllianceBernstein Corporation (incorporated by reference to Exhibit 99.08 to Form 8-K, as filed February 24, 2006).
4.01	Contingent Value Rights Agreement, dated as of December 12, 2013, by and between AB and American Stock Transfer & Trust Company, LLC (incorporated by reference to Exhibit 4.01 to Form 10-K for the fiscal year ended December 31, 2013, as filed February 12, 2014).
10.01	Award Letter among James A. Gingrich, AB and AB Holding.*
10.02	AllianceBernstein 2016 Incentive Compensation Award Program.*
10.03	AllianceBernstein 2016 Deferred Cash Compensation Program.*
10.04	Form of Award Agreement under Incentive Compensation Award Program, Deferred Cash Compensation Program and 2010 Long Term Incentive Plan.*
10.05	Form of Award Agreement under 2010 Long Term Incentive Plan relating to equity compensation awards to Eligible Directors.*
10.06	Amendment to the Profit Sharing Plan for Employees of AllianceBernstein L.P., dated as of October 20, 2016 and effective as of January 1, 2017.*
10.07	Summary of AB's Lease at 1345 Avenue of the Americas, New York, New York 10105.

10.08	Guidelines for Transfer of AB Units.
10.09	Revolving Credit Agreement, dated as of December 1, 2016, with AB and SCB LLC as Borrowers, the Industrial and Commercial Bank of China as Administrative Agent and the other lending institutions that may be party thereto (incorporated by reference to Exhibit 10.01 to Form 8-K, as filed December 5, 2016).

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10.10	Profit Sharing Plan for Employees of AB, as amended and restated as of January 1, 2015 and as further amended as of January 1, 2017 (incorporated by reference to Exhibit 10.05 to Form 10-K the the fiscal year ended December 31, 2015, as filed February 11, 2016).*
10.11	Amendment and Restatement of the Retirement Plan for Employees of AB, as of January 1, 2015 (incorporated by reference to Exhibit 10.06 to Form 10-K for the fiscal year ended December 31, 2015, as filed February 11, 2016).*
10.12	Commercial Paper Dealer Agreement 4(a)(2) Program, dated as of June 1, 2015, between AllianceBernstein L.P., as Issuer, and Citigroup Global Markets Inc., as Dealer (incorporated by reference to Exhibit 10.08 to Form 10-K for the fiscal year ended December 31, 2015, as filed February 11, 2016).
10.13	Commercial Paper Dealer Agreement 4(a)(2) Program, dated as of June 1, 2015, between AllianceBernstein L.P., as Issuer, and Credit Suisse Securities (USA) LLC, as Dealer.(incorporated by reference to Exhibit 10.09 to Form 10-K for the fiscal year ended December 31, 2015, as filed February 11, 2016).
10.14	Commercial Paper Dealer Agreement 4(a)(2) Program, dated as of June 1, 2015, between AllianceBernstein L.P., as Issuer, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Dealer.(incorporated by reference to Exhibit 10.10 to Form 10-K for the fiscal year ended December 31, 2015, as filed February 11, 2016).
10.15	AllianceBernstein L.P. 2010 Long Term Incentive Plan, as amended (incorporated by reference to Exhibit 10.03 to Form 10-K for the fiscal year ended December 31, 2014, as filed February 12, 2015).*
10.16	Revolving Credit Agreement, dated as of December 9, 2010, Amended and Restated as of January 17, 2012 and Further Amended and Restated as of October 22, 2014, among AB and SCB LLC, as Borrowers; Bank of America, N.A., as Administrative Agent; Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and HSBC Securities (USA) Inc., as Joint Lead Arrangers and Joint Book Managers, and the other lenders party thereto (incorporated by reference to Exhibit 10.01 to Form 8-K, as filed October 24, 2014).
10.17	Employment Agreement among Peter S. Kraus, AllianceBernstein Corporation, AB Holding and AB, dated as of June 21, 2012 (incorporated by reference to Exhibit 99.01 to Form 8-K/A, as filed June 26, 2012).*
10.18	Amendment No. 1 to Employment Agreement dated as of December 19, 2008 among Peter S. Kraus, AllianceBernstein Corporation, AB Holding and AB, dated as of June 21, 2012 (incorporated by reference to Exhibit 99.02 to Form 8-K, as filed June 21, 2012).*
10.19	Form of Award Agreement under the Special Option Program (incorporated by reference to Exhibit 10.05 to Form 10-K for the fiscal year ended December 31, 2008, as filed February 23, 2009).*
10.20	Employment Agreement among Peter S. Kraus, AllianceBernstein Corporation, AB Holding and AB, dated as of December 19, 2008 (incorporated by reference to Exhibit 99.02 to Form 8-K, as filed December 24, 2008).*
10.21	Amended and Restated 1997 Long Term Incentive Plan, as amended through November 28, 2007 (incorporated by reference to Exhibit 10.02 to Form 10-K for the fiscal year ended December 31, 2007, as filed February 25, 2008).*
10.22	Amended and Restated Issuing and Paying Agency Agreement, dated as of May 3, 2006 (incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarterly period ended March 31, 2006, as filed May 8, 2006).
10.23	Investment Advisory and Management Agreement for the General Account of AXA Equitable Life Insurance Company (incorporated by reference to Exhibit 10.5 to Form 10-K for the fiscal year ended December 31, 2004, as filed March 15, 2005).

10.24	AB Partners Plan of Repurchase adopted as of February 20, 2003 (incorporated by reference to Exhibit 10.2 to Form 10-K for the fiscal year ended December 31, 2002, as filed March 27, 2003).
10.25	Services Agreement dated as of April 22, 2001 between AB and AXA Equitable Life Insurance Company (incorporated by reference to Exhibit 10.19 to Form 10-K for the fiscal year ended December 31, 2001, as filed March 28, 2002).
10.26	Extendible Commercial Notes Dealer Agreement, dated as of December 14, 1999 (incorporated by reference to Exhibit 10.10 to the Form 10-K for the fiscal year ended December 31, 1999, as filed March 28, 2000).
10.27	Amended and Restated Investment Advisory and Management Agreement dated January 1, 1999 among AB Holding, Alliance Corporate Finance Group Incorporated, and AXA Equitable Life Insurance Company (incorporated by reference to Exhibit (a)(6) to Form 10-Q/A for the quarterly period ended September 30, 1999, as filed on September 28, 2000).
10.28	Amended and Restated Accounting, Valuation, Reporting and Treasury Services Agreement dated January 1, 1999 between AB Holding, Alliance Corporate Finance Group Incorporated, and AXA Equitable Life Insurance Company (incorporated by reference to Exhibit (a)(7) to the Form 10-Q/A for the quarterly period ended September 30, 1999, as filed September 28, 2000).
12.01	AB Consolidated Ratio of Earnings to Fixed Charges in respect of the years ended December 31, 2016, 2015 and 2014.
21.01	Subsidiaries of AB.

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23.01	Consents of PricewaterhouseCoopers LLP.
31.01	Certification of Mr. Kraus furnished pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02	Certification of Mr. Weisenseel furnished pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01	Certification of Mr. Kraus furnished for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.02	Certification of Mr. Weisenseel furnished for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
*	Denotes a compensatory plan or arrangement

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Item 16. Form 10-K Summary

None.

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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AllianceBernstein Holding L.P.

Date: February 14, 2017 By: /s/ Peter S. Kraus
Peter S. Kraus
Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Exchange Act, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: February 14, 2017 /s/ John C. Weisenseel
John C. Weisenseel
Chief Financial Officer

Date: February 14, 2017 /s/ Edward J. Farrell
Edward J. Farrell
Chief Accounting Officer

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Directors

/s/ Peter S. Kraus Peter S. Kraus Chairman of the Board	/s/ Heidi S. Messer Heidi S. Messer Director
/s/ Christopher M. Condron Christopher M. Condron Director	/s/ Mark Pearson Mark Pearson Director
/s/ Denis Duverne Denis Duverne Director	/s/ Scott A. Schoen Scott A. Schoen Director
/s/ Steven G. Elliott Steven G. Elliott Director	/s/ Lorie A. Slutsky Lorie A. Slutsky Director
/s/ Deborah S. Hechinger Deborah S. Hechinger Director	/s/ Joshua A. Weinreich Joshua A. Weinreich Director
/s/ Weston M. Hicks Weston M. Hicks Director	

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SCHEDULE II

AllianceBernstein L.P.
Valuation and Qualifying Account - Allowance for Doubtful Accounts
For the Three Years Ending December 31, 2016, 2015 and 2014

Description	Balance at Beginning of Period	Credited to Costs and Expenses	Deductions		Balance at End of Period
	(in thousands)				
For the year ended December 31, 2014	$763	$ —	$ 38	(a)	$ 725
For the year ended December 31, 2015	$725	$ 100	$ 273	(b)	$ 552
For the year ended December 31, 2016	$552	$ —	$ 39	(c)	$ 513

(a) Includes accounts written-off as uncollectible of $28 and a net reduction to the allowance balance of $10.
(b) Includes accounts written-off as uncollectible of $273.
(c) Includes accounts written-off as uncollectible of $39.

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