

Risk Factors Comparison 2025-02-14 to 2024-02-09 Form: 10-K

Legend: **New Text** ~~Removed Text~~ ~~Unchanged Text~~ **Moved Text** **Section**

Please consider this section along with the description of our business in Item 1, the competition section immediately above and AB's financial information contained in Items 7 and 8. The majority of the risk factors discussed below directly affect AB. These risk factors also affect AB Holding because AB Holding's principal source of income and cash flow is attributable to its investment in AB. See also "Cautions Regarding Forward-Looking Statements" in Item 7. Business-related Risks Our revenues and results of operations depend on the market value and composition of our AUM, which can fluctuate significantly based on various factors, including many factors outside of our control. We derive most of our revenues from investment advisory and services fees, which typically are calculated as a percentage of the value of AUM on as of a specified date, or as an a percentage of the value of average over a AUM for the applicable billing period, and. **These fees vary with based on** the type of investment service, the **account size**, of the account and the total amount of assets we manage **managed** for a particular client. **The value Several factors can adversely affect our AUM** and composition of our AUM can be adversely affected by several factors, including: • Market Factors -: Our AUM remain sensitive to the volatility associated with global financial market **volatility conditions**. For example, **such as the heightened global-inflationary pressures and that resulted in sizable interest rate increases in 2022 and associated 2023, followed by interest rate decreases and renewed inflationary concerns in 2024. Continued global economic uncertainty may lead to** market volatility in 2022 and 2023. We recognize that, **potentially** due to continued uncertainty associated with the global response to heightened global inflationary pressures, markets may remain volatile and, accordingly, there remains risk of a significant reduction -- **reducing** in our revenues and net income in future periods. **Interconnected Global-global economies mean** and financial markets are increasingly interconnected, which increases the probability that conditions **instability** in one country or region **can** might adversely impact **others** a different country or region. Conditions affecting the general economy, including political **Political**, social, or economic instability at the local, **wars (e** regional or global level may also affect the market value of our AUM. War **g.**, such as the ongoing conflict in Ukraine and the middle **Middle east East**), or civil disturbance, acts of terrorism (whether foreign or domestic), health crises (such as the e. g., COVID- 19 pandemic), natural disasters, and other unforeseen events can **significantly affect financial markets and our AUM, revenues, and net income. Market volatility and reduced margin financing availability can limit liquidity, making it difficult to sell certain securities at their true value. While liquidity was stable in 2024, future deterioration could adversely affect our AUM, revenues, and net income.** • Geographic and Geopolitical Factors: Our clients and our AUM are geographically diverse as approximately 27 % of our clients' domicile is outside the US (primarily Europe, Asia, and the Americas) and approximately 38 % of our AUM by Investment Services are non- US. Local or regional events including political, social, or economic instability, wars (e. g., Ukraine and the Middle East), challenges to currently recognized international borders (such as those made by China toward Taiwan), terrorism, health crises (e. g., COVID- 19), natural disasters, and other unforeseen events can **significantly affect our clients' demand for our services, local and regional financial markets, and our AUM, revenues, and net income. Specifically, our clients and the investment funds we manage in mainland China, Taiwan, and Hong Kong, as well as any of our investment services with a regional investment focus in this geographic area, may be significantly impacted by a China / Taiwan conflict. The disputed status of Taiwan and other -- the incidents possibility of military conflict with China is a significant geopolitical risk** that interrupt the expected course of events, such as natural disasters, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have had and may in the future have a significant adverse effect on financial markets and our AUM, revenues and net income. Also, significant market volatility and uncertainty, and reductions in the availability of margin financing, can significantly limit the liquidity of certain asset backed and other securities, making it at times impossible to sell these securities at prices reflecting their true economic value. While liquidity conditions were relatively stable in 2023 despite market volatility, we recognize the possibility that conditions could **materially impact** deteriorate in the future. Lack of liquidity makes it more difficult for our **business** funds to meet redemption requests. If liquidity were to worsen, this may have a significant adverse effect on our AUM, revenues and net income in **Taiwan** the future. • Client Preferences -: Generally, our clients **Clients** may **can** withdraw their assets at any time **with** and on short notice. **Shifts in** Also, changing market dynamics and investment trends, **such as a move towards** particularly with respect to sponsors of defined benefit plans choosing to invest in less risky investments **by defined benefit plan sponsors** and a the ongoing shift to lower- fee passive services described below, may continue to reduce interest in **our** some of the investment products we offer, and / or clients and prospects may continue to seek investment products that we may not currently offer. Loss of, or decreases **decrease** in, AUM reduces our investment advisory and services fees and revenues. 2023 Annual Report 17 Part I - Our Investment Performance -: Our ability to **success in** achieve **achieving** investment returns for clients that meet **match** or exceed **those of similar** investment returns for comparable asset classes and competing investment services is **crucial for retaining** a key consideration when clients decide and **attracting new ones. If our investment performance is poor, either in absolute terms or compared** to keep **peers and benchmarks, clients may redeem** their assets with us or invest additional assets, and **potential** when a prospective client **clients might choose other** is deciding whether to invest with us. Poor investment **firms** performance, both in absolute terms and / or relative to peers and stated benchmarks, may result in clients withdrawing assets and prospective clients choosing to invest with competitors. • Investing Trends -: Our **The fee fees we charge for our** rates can vary significantly among the various investment products and services we offer to our **can vary widely. Our overall fee income changes as** clients (**move their**

assets between accounts or products with different fee structures. For more details on our fee rates, see “ Net Revenues ” in Item 7 for additional information regarding our fee rates) ; our fee realization rate fluctuates as clients shift assets between accounts or products with different fee structures. • Service Changes :- We might need may be required to reduce lower our fees, change our fee levels, restructure structures, the fees we charge and/or adjust the services we offer due to factors like new our clients because of, among other things, regulatory regulations initiatives (whether industry-wide or specifically targeted), advancements changing technology in the asset management business technology (including such as algorithmic strategies and emerging new financial technology technologies), court decisions rulings, and competitive considerations pressures. Lowering our A reduction in fee fees levels would reduce decrease our revenues revenue . • Interest Rate Changes -Investor: Changes in interest in rates, especially rapid and significant increases, can negatively impact investor interest in and the valuation value of our fixed income and multi- asset investment portfolios can be adversely affected by changes in interest rates, particularly if interest rates increase substantially and quickly. 2024 Annual Report 17 Part I A decrease in the value or amount of our AUM , a decrease in the amount of AUM we manage , an adverse mix shift in our AUM , and/or a reduction in the our fee level levels of would negatively impact our investment advisory fees we charge and revenues. Reduced revenues, without a corresponding decrease in expenses, would adversely affect our operating investment advisory fees and revenues. A reduction in revenues, without a commensurate reduction in expenses, adversely affects our results of operations. The industry-wide shift from actively managed investment services to passive services has adversely affected negatively impacted our investment advisory and services fees, revenues and results of operations, and this trend may continue. Our The competitive environment landscape has become tougher increasingly difficult, as active managers, who select which invest based on individual security securities selection, have generally , on average, consistently underperformed compared to passive services, which follow invest based on market indices. In the most recent period this This general trend reversed, as active performance underperformance has reduced relative to benchmarks improved, with 57 % of active managers outperforming their the passive benchmarks for the 12 months ended June 30, 2023 (latest data available), compared to 43 % for the prior 12- month period. 57 % of active US stock funds outperformed, up from 48 % the prior year, while 63 % of active non- U. S. stock funds outperformed their benchmarks, up from just 33 % the prior period. Performance of actively managed bond funds also improved in 2023, with 55 % outperforming benchmarks, up from just 30 % in the prior- year period. Flows flows into actively managed funds substantially improved industry-wide in 2023 , and increased the with U. S. industry-wide active mutual fund inflows -- flows into of \$ 549 billion in 2023, compared with outflows of \$ 931 billion in 2022. The improvement was led by \$ 927 billion in inflows to Money Market funds, as investors responded to the higher interest rate environment. Active fixed income U. S. mutual funds also experienced improvement, with inflows of \$ 16 billion in 2023, compared with outflows of \$ 465 billion in 2022. Active equity U. S. mutual fund outflows were \$ 246 billion in 2023, compared to outflows of \$ 235 billion in 2022. Demand for passive strategies in the U. Achieving S. continued to grow, though at a reduced rate from the prior year, as industry-wide total passive mutual fund net inflows of \$ 489 billion in 2023 compared to \$ 540 billion in 2022. Organic organic growth through net inflows remains challenging continues to be difficult to achieve for active managers like us , such as AB, and requires taking gaining market share from other active managers. The significant shift from active services to passive services adversely affects Bernstein Research Services revenues as well. Institutional global market trading volumes continue to be pressured by persistent active equity outflows and passive equity inflows. As a result, portfolio turnover has declined and investors hold fewer shares that are actively traded by managers. Our reputation could suffer if we are unable to deliver consistent, competitive investment performance. Our business relies is based on the trust and confidence of our clients. Damage to our reputation, resulting such as from poor or inconsistent investment performance, among other factors, can significantly reduce substantially our AUM and impair hinder our ability to maintain or grow our business. EQH and its subsidiaries provide a significant amount of our AUM and fund a significant portion of our seed investments new product initiatives , and if our agreements with them terminate or they withdraw capital support it could have a material adverse effect on our business, results of operations and / or financial condition. EQH (, our parent company), and its subsidiaries constitute are our largest client , - Our EQH affiliates represented representing approximately 16 about 17 % of our AUM as of December 31, 2023 2024 , and contributing we earned approximately 5-4 % of our net revenues from services we provided to them. Our related investment management agreements are with EQH can be terminable terminated at any time or on short notice by either party, and EQH is not obligated under any obligation to maintain any level of AUM with us. A Termination of these agreements by EQH could have a material adverse effect on our business, results of operations , and /or financial condition could result if EQH were to terminate its investment management agreements with us. 18AllianceBernstein Our business is dependent on investment advisory agreements with clients, and selling and distribution agreements with various financial intermediaries and consultants, which generally are subject to termination or non- renewal on short notice. We derive generate most of our revenues revenue through pursuant to written investment management agreements (or other arrangements) with institutional investors, mutual funds and, private wealth clients, and selling and distribution agreements with financial intermediaries that distribute AB Funds . Generally, the investment management including our active ETFs. These agreements (and other arrangements), including those our agreements with EQH and its subsidiaries, are can generally be terminable terminated at any time or with upon relatively short notice by either party. The investment management agreements for pursuant to which we manage the U. S. Funds must be renewed reviewed and approved annually by the Funds' boards of directors , most annually. A significant majority of whom the directors are independent. Consequently, there There is can be no assurance guarantee that the these board boards of directors of each fund will approve the fund's investment management agreement agreements each year , or that they will not condition its approval on won revised ' t impose unfavorable terms that may be adverse to us. Additionally In addition, investors in AB Funds can redeem their investments without notice. Any termination Termination of, or failure to non- renew renewal , of a significant number of these agreements, or a significant substantial increase in redemption rates, could negatively impact have a material adverse effect on

our results of operations and business prospects. Similarly, ~~the our~~ selling and distribution agreements with securities firms, brokers, banks, and other financial intermediaries ~~are can be terminable~~ **terminated** by either party ~~upon with~~ notice (generally **usually** 30 days) and do not ~~obligate~~ **require** the financial intermediary ~~intermediaries~~ to sell any ~~a~~ specific amount of fund shares. These intermediaries generally ~~often~~ offer **competing** their clients investment products that ~~compete with our products~~. ~~Some~~ In addition, certain institutional investors rely on consultants to **choose** advise them about choosing an investment adviser ~~advisers~~, and some of our services may not ~~always~~ be **recommended** considered among the best choices by these consultants. ~~This could lead to~~ As a result, investment consultants may advise their clients **moving** to move their assets invested with us to other investment advisers, which could result ~~resulting~~ in significant net outflows. Lastly, our Private Wealth Services ~~rely depend~~ on referrals from financial planners, registered investment advisers, and other professionals. We cannot be certain that we will continue to ~~have receive these referrals~~. ~~Losing~~ access to, or receive referrals from, these ~~third parties~~. Loss of such access or referrals could have a material adverse ~~adversely effect affect~~ on our results of operations and business prospects. Performance-based fee arrangements with our clients may cause greater fluctuations in our net revenues. We sometimes charge our clients performance-based fees, ~~which include~~ whereby we charge a base advisory fee **plus** and are eligible to earn an additional **fee** performance-based **on** fee or incentive allocation that is calculated as either a percentage of absolute investment results, **either** or a percentage of investment results in excess of **absolute terms or relative to** a stated benchmark over a specified period of time. Some ~~of these~~ performance-based fees ~~include have~~ a high-watermark provision, **meaning** which generally provides that if a client account ~~under performs~~ **underperforms** relative to its performance target (whether in absolute terms or relative to a specified benchmark), it must **recover losses** gain back such ~~under performance~~ before we can collect **earn** future performance-based fees. ~~Failure~~ Therefore, if we fail to **meet** achieve the performance target ~~targets means~~ for a particular period, we will not ~~no~~ earn a performance-based fee for that period and, **and** for accounts with a high-watermark provision ~~provisions can impair~~, our ability to earn future performance-based fees ~~fee earnings~~ will be impaired. We are eligible to earn performance-based fees on **9-7.4%, 8.0% and 0.3%**, **8.3% and 0.4%** of the assets we manage for institutional clients, private wealth clients and retail clients, respectively (in total, **4.5-6%** of our AUM). **An increase in** If the percentage of our AUM subject to performance-based fees increases, seasonality ~~could lead to greater revenue and earnings~~ volatility of revenue and earnings are likely to become more significant. Our performance-based fees were \$ **271.0 million, \$ 144.9 million, and \$ 145.2 million and \$ 245.1 million** in **2024, 2023, and 2022 and 2021**, respectively. The revenues generated by Bernstein Research Services may be adversely affected by circumstances beyond our control, including declines in brokerage transaction rates, declines in global market volumes, failure to settle our trades by significant counterparties. Electronic, or “low-touch,” trading represents a significant percentage of buy-side trading activity and typically produces transaction fees that are significantly lower than traditional full-service fee rates. As a result, blended pricing throughout our industry is lower now than it was historically, and price declines may continue. In addition, fee rates we charge and charged by other brokers for brokerage services have historically experienced price pressure, and we expect these trends to continue. Also, while increases in transaction volume and market share often can offset decreases in rates, this may not continue. In addition, the failure or inability of any of our broker-dealer’s significant counterparties to perform could expose us to substantial expenditures and adversely affect our revenues. For example, SCB LLC, as a member of clearing and settlement organizations, would be required to settle open trades of any non-performing counterparty. This exposes us to the mark-to-market adjustment on the trades between trade date and settlement date, which could be significant, especially during periods of severe market volatility. Also, our ability to access liquidity in such situations may be limited by what our funding relationships are able to offer us at such times. Lastly, extensive changes proposed by the SEC to the equity market structure, including Regulation Best Execution, the proposed Order Competition Rule, the proposed volume-based exchange transaction pricing rule and proposed changes to Regulation NMS establishing, among other things, minimum pricing increments and required disclosures by larger broker-dealers and specified trading platforms, if adopted as proposed, could substantially increase the cost of conducting our buy-side and broker-dealer operations and, possibly, adversely impact trade execution quality. 2023 Annual Report¹⁹ We may be unable to develop new products and services, and the development of new products and services may expose us to reputational harm, additional costs or operational risk. Our financial performance **relies** depends, in part, on our ability to ~~react nimbly~~ **quickly adapt** to changes in the asset management industry, **meet** respond to evolving client needs, and develop, market, and manage new investment products and services. **Creating** Conversely, the development and introduction of new products and services, including the **those focused on specific** creation of products with concentrations in industries or, sectors, **or** specific to individual client criteria **like**, or with a focus on ESG, requires continuous **innovative innovation**, effort on our part and may require significant time and, resources, **and** as well as ongoing support and investment. **18AllianceBernstein** Substantial risk and uncertainties are associated with the introduction -- **Introducing** of new products and services **involves substantial risks**, including the implementation of new and **uncertainties, such as establishing** appropriate operational controls and procedures, **adapting to** shifting client and market preferences, **facing** the introduction of competing **competition** products or services, and compliance **complying** with regulatory and disclosure requirements. We **cannot guarantee** can make no assurance that we will be able to develop new products and services that successfully address the needs of clients within needed timeframes. Any failure to successfully develop new products and services **within the necessary timeframes. Failure to do so**, or effectively to manage **the** associated operational risks **effectively**, could **harm damage** our reputation, **increase** and expose us to additional costs, **and negatively impact** which could adversely affect our AUM, revenues, and operating income. Fluctuations in the exchange rates between the U. S. dollar and various other currencies can adversely affect our AUM, revenues and results of operations. Although **much** significant portions of our net revenues **and**, expenses, **and** as well as our AUM, **presently** are **currently** denominated in U. S. dollars, we have subsidiaries and clients outside of the United States **U. S.** with **different** functional currencies other than the **U. S. dollar**. **Weakening weakening** of these currencies relative to the U. S. dollar **reduces** adversely affects the **U. S. dollar** value in U. S. dollar terms of our revenues

and our AUM denominated in these ~~those~~ other currencies. Accordingly ~~Consequently~~, fluctuations in U. S. dollar exchange rates ~~affect~~ **impact** our AUM, revenues, and reported financial results ~~from one period~~. Our efforts to ~~hedge against the these~~ **fluctuations** next. We may not be successful in our efforts to hedge our exposure to such fluctuations, ~~potentially~~ which could negatively ~~impact~~ **affecting** our revenues and reported financial results. Our seed capital investments are subject to market risk. While we enter into various futures, forwards, swap and option contracts to economically hedge many of these investments, we also may be exposed to market risk and credit- related losses in the event of non- performance by counterparties to these derivative instruments. We have a seed investment program ~~to for the purpose of building~~ **build** track records and **support** assisting with the marketing ~~for~~ initiatives pertaining to our firm's new products. These seed capital investments are subject to market risk. Our risk management team oversees a seed hedging program that attempts to minimize this risk, ~~considering~~ subject to practical and cost ~~considerations~~ **factors**. Also ~~However~~, not all seed investments are deemed appropriate to hedge ~~hedged~~ **exposing us** and in those cases we are exposed to market risk. ~~Additionally~~ In addition, we may ~~face~~ be subject to basis risk ~~in that, as~~ we cannot always **precisely** hedge with precision our market exposure and, ~~leading~~ as a result, we may be subject to **potential** relative spreads between market sectors. ~~Consequently~~ As a result, **capital market** volatility ~~can~~ in the capital markets may cause significant **significantly impact** changes in our period- to- period financial and operating results. We use various derivative instruments, ~~including such as~~ futures, forwards, swaps, and ~~option options~~ contracts, in conjunction with our seed hedging program. While ~~we hedge~~ in most cases broad market risks are hedged, our hedges are imperfect and, ~~leaving~~ some market risk ~~remains~~. ~~Furthermore~~ In addition, ~~using~~ our use of derivatives **introduces** results in counterparty risk (i. e., the risk ~~of~~ that we may be exposed to credit- related losses ~~if~~ in the event of non- performance by counterparties ~~fail~~ to **perform** these derivative instruments), regulatory risk (e. g., short selling restrictions), and cash / synthetic basis risk (i. e., the risk that the underlying positions do not move identically to the related derivative ~~derivatives~~ instruments). We may engage in strategic transactions that could pose risks. As part of our business strategy, we consider ~~potential~~ strategic transactions (such as ~~our insurance sidecar transaction with Ruby Reinsurance Company~~), including acquisitions (such as our purchase of e. g., CarVal Investors in 2022), dispositions, mergers, consolidations, and joint venture ~~ventures~~ partnerships (such as e. g., our planned joint venture partnership with SocGen) and similar transactions, some of which may be material. These transactions, ~~if undertaken~~, may involve various **significant** risks and present financial, managerial and operational challenges, including: • adverse effects on our earnings if acquired intangible assets or goodwill become impaired; • ~~existence of~~ unknown liabilities or contingencies that arise ~~after post-~~ closing ; • **exposure to a new regulatory regime** ; • potential disputes with counterparties; and • the possible need for us to increase ~~increased~~ our firm's leverage or ~~-,~~ **dilution of existing Unitholders** if we fund the purchase price of a transaction ~~transactions are funded~~ with AB Units or AB Holding Units, likely dilution to our existing unitholders. Acquisitions also pose the risk ~~of losing~~ that any business we acquire may lose customers or employees and ~~underperforming~~ or could under- perform relative to expectations. Additionally, ~~losing~~ the loss of investment personnel poses the risk may result in ~~losing~~ expected AUM, adversely affecting our results of operations. We carry ~~non- controlling~~ interests of joint ventures on our balance sheet that **impact our financial performance**. Our business includes ~~non- controlling~~ interests in joint ventures, which pose several risks to our financial condition and results. As a non- controlling partner, we have limited influence over operations and strategic decisions, which may not align with our objectives. Each joint venture' s actions could impact its profitability and our share of earnings. Financial difficulties or operational challenges may require us to impair the investment' s value in our financial statements. Disputes with partners could lead to costly litigation or dissolution of the joint venture. These factors could reduce our investment returns and negatively impact our financial performance. We are the guarantor of certain guarantees and credit lines of our consolidated and unconsolidated affiliates, over which we may lose the AUM ~~have~~ limited influence. As guarantor for certain guarantees and credit lines of our subsidiaries, we ~~expected~~ face **significant financial risks** if any subsidiary experiences financial distress or defaults. In such cases, we may need to ~~manage~~ fulfill these commitments, which could adversely affect our results ~~liquidity and financial condition~~. For unconsolidated affiliates, these risks may be **heightened due to lack** of **control over those entities'** operations. ~~20AllianceBernstein~~ We may not accurately value the securities we hold on behalf of our clients or our company investments. In accordance with applicable regulatory requirements, contractual obligations or client direction, we ~~employ~~ **have** procedures for the pricing and valuation ~~---~~ **valuing** of securities and other positions held in client accounts or for company investments. ~~Our~~ We have established a Valuation Committee and sub-committees, **comprising** consisting of senior officers and employees, which oversee a consistent framework of pricing controls and valuation processes for the firm and each of its advisory affiliates. If market quotations for a security are ~~not readily~~ available **unavailable**, the Valuation Committee determines a ~~its~~ fair value for the security. ~~2024 Annual Report~~ **19** Extraordinary **market** volatility in financial markets, significant liquidity constraints or, our ~~or~~ failure to adequately consider **all one or more** factors when determining the fair value **could lead to improper valuation** of a security **securities**. **This** based on information with limited market observability could result in our failing to properly value securities we hold for our clients or investments accounted for on our balance sheet. Improper valuation likely would result in our basing fee calculations on inaccurate AUM figures, our striking incorrect net asset values for company- sponsored mutual funds or hedge funds or, ~~and~~ in the case of company investments, our inaccurately ~~--~~ **inaccurate financial** calculating and reporting our financial condition and operating results. Although the overall percentage of our AUM that we fair value based on information with limited market observability is not significant, inaccurate **valuations** fair value determinations can harm our clients, create regulatory issues, and damage our reputation. The quantitative and systematic models we use in certain of our investment services may contain errors, resulting in imprecise risk assessments and unintended output. We use quantitative and systematic models in **many a** variety of our investment services, **often alongside** usually in combination with fundamental research. These models are developed by senior quantitative professionals and typically are implemented by IT professionals. Our Model Risk Oversight Committee, **supported by the Model Risk Team**, oversees the model governance framework and associated model review

activities, which are then executed by our Model Risk Team. However, due to the complexity and large data dependency of such these models, it is possible that errors may occur, in the models could exist and our controls could might fail to detect them such errors. Failure to detect Undetected errors could result in lead to client losses and reputational damage. The financial services industry is intensely competitive. We compete based on the basis of a number of factors such as, including our investment performance for our clients, range our array of investment services, innovation, reputation, and price. Our By having a global presence, means we often face competitors with more experience and more established relationships with clients, regulators and industry participants in local the relevant market markets, potentially hindering which could adversely affect our expansion ability to expand. If Furthermore, if we fail are unable to maintain and/or continue to improve our investment performance, our client flows may suffer be adversely affected, making competition which may make it more challenging difficult for us to compete effectively. Also, increased Increased competition could reduce the demand for our products and services, which could have a material adverse adversely effect affecting on our financial condition, results of operations and business prospects. For additional more information regarding competitive factors, see "Competition" in Item 1. People- related Risks We may be unable to continue to attract, motivate and retain key personnel, and the cost to retain key personnel could put pressure on our adjusted operating margin. Our business depends relies on our ability to attract attracting, motivate motivating, and retain retaining highly skilled, and often highly specialized, technical, investment, managerial, and executive personnel, and there is no assurance that we will be able to continue to do so. The market for these professionals is extremely competitive. Certain of these professionals often maintain strong, personal relationships with investors in our products and other members of the business community so their departure could lead may cause us to lose losing client accounts or result in fewer opportunities to win new business opportunities, either of which factors could have a material adverse adversely affecting effect on our results of operations and business prospects. A Additionally, a decline in revenues may limit our ability to offer competitive compensation, and maintaining or increasing pay our employees at competitive levels, and maintaining (or increasing) compensation without a revenue increase could negatively impact, in order to retain key personnel, may adversely affect our operating margin. For additional information regarding our compensation practices, see "Compensation Discussion and Analysis" in Item 11. Our process of relocating our headquarters may not be executed as we have envisioned. We have established our corporate headquarters in and have relocated many a large number of the positions from jobs previously located in the New York metropolitan area to our new corporate headquarters in Nashville, Tennessee (for additional information, see "Relocation Strategy" in Item 7 for more details). Although While the transition period has been completed, and the associated transition costs and favorable EPU impact have been in line with our estimates, the ongoing long term impact of on AB from this process move is not yet known, the uncertainty-- uncertain and may created by these circumstances could adversely affect our AB's ability to motivate and retain current employees and hire qualified employees staff in our Nashville headquarters. Additionally, our estimates for both the transition costs and the corresponding expense savings relating to our headquarters relocation are based on our current assumptions of employee relocation costs, severance, and overlapping compensation and occupancy costs. If our assumptions turn out to be inaccurate, our expenses and operating income could be adversely affected. 2023 Annual Report 21 Employee misconduct, which can be difficult to detect and deter, could harm us by impairing our ability to attract and retain clients and subjecting us to significant regulatory scrutiny, legal liability and reputational harm. There-- The have been several highly publicized cases involving fraud or other misconduct by employees in the financial services industry generally has seen several high- profile cases of employee fraud and misconduct, and we are not immune. Misconduct by employees could involve the improper use or disclosure of confidential information, leading to which could result in legal action, regulatory sanctions, and reputational or financial harm. Further Additionally, fraud, payment or solicitation of bribes bribery, and other deceptive practices or other misconduct by our employees could result in similarly subject us to regulatory scrutiny, legal liability, and reputational damage. Operational, Technology and Cyber- related Risks Technology failures and disruptions, including failures to properly safeguard confidential information, can significantly constrain our operations and result in significant time and expense to remediate, which could result in a material adverse effect on our results of operations and business prospects. We heavily rely are highly dependent on software and related technologies throughout our business, including both proprietary systems and from those provided by third- party vendors. We use our technology to, among other things, for various business functions such as obtain obtaining securities pricing information, process processing client transactions, storing store and maintain data, and provide providing client reports and other services to our clients. Despite our protective security measures, including measures designed to effectively secure information through system security technology and established and tested business continuity plans, we may still experience face system delays and interruptions due to as a result of natural disasters, hardware failures, software defects, power outages, acts of war and, cyber attack or third- party failures. These issues We cannot predict with certainty all of the adverse effects that could result prevent us from our failure, or the failure of a third party, to efficiently address and resolve these delays and interruptions. These adverse effects could include the inability to perform performing critical business functions or failure to comply complying with financial reporting and other regulatory requirements, leading which could lead to loss of client confidence, reputational damage, exposure to disciplinary action, and liability to our clients. Many of the our software applications that we use in our business are licensed from, and supported, upgraded and maintained by, third- party vendors who also provide support, upgrades, and maintenance. A suspension Suspension or termination of certain of these licenses or services the related support, upgrades and maintenance could cause temporary system delays or interruption interruptions. Additionally, technology rapidly-- rapid technological advancements may allow evolves and we cannot guarantee that our competitors to may not implement more advanced technology platforms for their products and services, putting which may place us at a competitive disadvantage and adversely affect negatively impacting our results of operations and business prospects. 20 Alliance Bernstein We Also also risk, we could be subject to losses if we fail to protect properly safeguard sensitive and confidential information. We handle As part of our normal operations, we maintain and transmit

confidential **client and employee** information **and** about our clients as well as proprietary information relating to our business operations **data**. **Despite our** Although we take protective measures, our systems still could be vulnerable to cyber **attack attacks** or other forms of unauthorized access (, including **from insiders**, computer viruses) that have a security impact, such **Such breaches could expose** as an authorized employee or our vendor inadvertently or intentionally causing us to release confidential or proprietary information **to**. Such disclosure could, among other things, allow competitors, access to our proprietary business information and require significant **resources** time and expense to **address** investigate and remediate the breach. Moreover, loss of confidential client information could harm our reputation, **and result in** subject us to liability under **data protection** laws that protect confidential personal data, **increasing** resulting in increased costs or **reducing** loss of revenues. Any significant security breach of our information and cyber security infrastructure, as well as our failure to properly escalate and respond to such an incident, may significantly harm our operations and reputation. **Ensuring** It is critical that we **ensure** the continuity and effectiveness of our information and cyber security infrastructure, policies, procedures, and capabilities **is crucial** to protect our computer and telecommunications systems and the data. **Despite** that reside on or our are transmitted through them and contracted third-party systems. Although we take protective measures, including **advanced** measures to effectively secure information through system security technology, our technology systems may still be vulnerable to unauthorized access, supply chain attacks, computer viruses or, **and** other events that have a security impact **threats**, such as **cybercriminal** an external attack **attacks** by one or more cyber criminals (including e. g., phishing attacks attempting to obtain confidential information and ransomware attacks attempting to block access to a computer system until a sum of money is paid) , which. **These threats** could materially **significantly** harm our operations, **our ability to service our clients** and our reputation. **We also** Additionally, while we take precautions to password protect and encrypt our laptops and sensitive information on our other mobile electronic devices. **However**, if such **these** devices are stolen, misplaced, or left unattended, they **could be hacked** may become vulnerable to hacking or other unauthorized use **used without authorization**, creating **posing** a possible security risk and resulting in potentially **leading to** costly **consequences** actions by us. Furthermore, although **Although** we maintain **have** a robust cyber security **cybersecurity** infrastructure and incident preparedness strategy **that**; which we test frequently, we may **not always** be unable to respond **quickly enough**, both internally and externally, to a cyber incident in a sufficiently expeditious manner. Any such failure **delay in response** could **damage** cause significant harm to our reputation **and result in**, **lead to** litigation, **and** regulatory scrutiny, **and incur** or significant remediation costs, **For more details** see " Cybersecurity" in Item 1C. **22AllianceBernstein** Climate change and other unpredictable events, including outbreak of infectious disease, natural disaster, dangerous weather conditions, technology failure, terrorist attack and political unrest, may adversely affect our ability to conduct business. War, terrorist **attack attacks**, political unrest, power **failure failures**, climate change, natural **disaster disasters**, and **pandemics** rapid spread of infectious disease (such as the COVID- 19 **pandemic**) could **interrupt disrupt** our operations by: • causing disruptions in global economic conditions, thereby decreasing investor confidence and making investment products generally less attractive; • **inflicting causing** loss of life; • triggering large-scale technology failures or delays; • breaching our information and cyber security infrastructure; and • requiring substantial capital expenditures and operating expenses to remediate damage and restore operations. Furthermore, climate **Climate** change may increase the severity and frequency of **catastrophes disasters**, or adversely affect our investment portfolio or, **and influence** investor sentiment. **It** Climate change may also **lead to regulatory** increase the frequency and severity of weather-related disasters and pandemics. And, climate change **changes impacting** regulation may affect the prospects of companies and other entities whose securities in which we invest, or our willingness to continue to invest in such securities. **Despite the our** contingency plans and facilities we have in place, including system security measures, information **back backup**, up and disaster recovery processes, our ability to conduct business **disruptions in infrastructure (electrical**, including **communications, transportation**) in key business centers (where we have significant operations, such as Nashville, Tennessee, New York City, San Antonio, Texas, London, England, Hong Kong, and India) **could**, may be adversely affected -- **affect** by a disruption in the infrastructure that supports our operations and the communities in which they are located. This may include a disruption involving electrical, communications, transportation or other services we may use or third parties with which we conduct business. If a disruption occurs in one location and our employees **cannot access** in that location are unable to occupy our offices or communicate **and** with or travel to other locations, our ability to conduct business with and on behalf of our clients may suffer, and we may not be able to successfully implement contingency plans **may fail** that depend on communication or travel. Furthermore, unauthorized **Unauthorized** access, to our systems **system** as a result of a security breach, the failure **failures** of, our **or data** systems, or the loss of data could **lead** give rise to legal proceedings or, regulatory penalties under laws protecting the privacy of personal information, **operational disruptions, and reputational damage**. **Loss of experienced staff or inadequate work facilities** could also disrupt operations, and damage our reputation. Our operations require experienced, professional staff. Loss of a substantial number of such persons or an inability to provide properly equipped places for them to work may, by disrupting our operations, adversely affect **affecting** our financial condition, results of operations and business prospects. **Our** In addition, our property and business interruption insurance may not **cover** be adequate to compensate us for all **potential** losses, failures or breaches that may occur. Our own operational failures or those of third parties on which we rely, including failures arising out of human error, could disrupt our business, damage our reputation and reduce our revenues. Weaknesses or failures in our internal processes or systems could **disrupt operations**, lead to **client** disruption of our operations, liability to clients, exposure to disciplinary action, or harm to our reputation. Our business **relies** is highly dependent on our ability to process **processing large**, on a **complex transactions** daily basis, large numbers of transactions, many of which are highly complex, across numerous and diverse markets, **adhering to**. These transactions generally must comply with client investment guidelines, as well as stringent legal and regulatory standards. **We must** Our obligations to clients require us to exercise skill, care, and prudence in performing our services. Despite our employees being highly trained **employees** and skilled, the **volume** large number of transactions we process makes it highly **occasional errors** likely that errors will occasionally occur. If we make a

mistake in performing our services that causes financial harm to a client, we **must** have a duty to act promptly **rectify it** to put the client in the position the client would have been in had we not made the error. The occurrence of mistakes, particularly significant **Significant errors** ones, can have a material **materially** adverse effect **affect** on our reputation, results of operations, and business prospects. The individuals and third- party vendors on whom we rely to perform services for us or our clients may be unable or unwilling to honor their contractual obligations to us. We rely on various counterparties and other third- party vendors to **augment enhance** our existing investment, operational, financial, and technological capabilities. **However, using** but the use of a third- party vendor **vendors** does not diminish our AB's responsibility to **meet ensure that** client and regulatory obligations are met. **During market stress,** Default **default** rates, credit downgrades, and **collateral valuation** disputes **can** with counterparties as to the valuation of collateral increase significantly in times of, **2024 Annual Report**²¹ **Financial** market stress. Disruptions **disruptions** in the financial markets and other economic challenges may cause our counterparties and other third- party vendors to **face** experience significant cash flow problems or even render them insolvent **insolvency, leading** which may expose us to significant costs and **impair impairing** our ability to conduct business **operations**. Weaknesses or failures within **in** a third- party vendor's internal processes or, systems, or **inadequate** business continuity plans, can **materially** disrupt our business operations. Also **Additionally,** third- party vendors may lack the necessary infrastructure or resources to effectively safeguard our confidential data **effectively**. If we **cannot** are unable to effectively manage the risks associated with such third- party relationships, we may **suffer face** fines, disciplinary action, and reputational damage. **2023 Annual Report**²³ We may not always successfully manage actual and potential conflicts of interest that arise in our business. **We** increasingly, we must **increasingly** manage actual and potential conflicts of interest, including situations where our services to **one** a particular client **may** conflict, or are perceived to conflict, with the **another's** interests of another client. Failure to **address these** **conflicts** adequately address potential conflicts of interest could **harm** adversely affect our reputation, results of operations, and business prospects. We have procedures and controls that are designed to identify and mitigate conflicts of interest, including those designed to prevent **preventing** the improper **information** sharing of information. However, **appropriately** managing conflicts of interest is complex. **Our** **If we fail, or appear to fail, in handling conflicts appropriately, our** reputation could be damaged **suffer,** and the willingness of clients to enter into transactions in which such a conflict might arise may be **less willing** affected if we fail, or appear to **engage** fail, to deal appropriately with **us** actual or perceived conflicts of interest. **Additionally** **In addition,** potential or perceived conflicts could **lead** give rise to litigation or regulatory enforcement actions. Maintaining adequate liquidity for our general business needs depends on certain factors, including operating cash flows and our access to credit on reasonable terms. Our financial condition is dependent **depends** on our cash flow from operations, which is subject to the **influenced by capital market** performance of the capital markets, our ability to maintain and grow AUM, and other factors beyond our control. **Our** **Adverse market conditions, profitability, perceived creditworthiness, and changes in government regulations, including tax and interest rates, may limit our** ability to issue public or private debt on reasonable terms may be limited by adverse market conditions, our profitability, our creditworthiness as perceived by lenders and changes in government regulations, including tax rates and interest rates. **Our** Furthermore, our access to credit **also depends** on reasonable terms is partially dependent on our firm's credit ratings. **Both** **In 2024,** Moody's Investors Service, Inc. and Standard & Poor's Rating Service affirmed our AB's long- term and short- term credit ratings **with** and indicated a stable outlook in 2023. **However,** Future **future** changes in our credit ratings are possible and any downgrade **downgrades could** to our ratings is likely to increase our borrowing costs and limit our **capital market** access to the capital markets. If this occurs, **potentially leading** we may be forced to incur unanticipated costs or **revise revised** our strategic plans, which could have a material adverse **adversely affecting** effect on our financial condition, results of operations, and business prospects. An impairment of goodwill may occur. Determining **goodwill** whether an impairment of the goodwill asset exists requires **significant** management to exercise a substantial amount of judgment. **Prolonged depressed** In addition, to the extent that securities valuations, **deteriorating** are depressed for prolonged periods of time and /or market conditions deteriorate, or if we experience significant net redemptions, **can adversely affect** our AUM, revenues, profitability, and unit price will be adversely affected. Although the price of an AB Holding Unit is just one factor in the calculation of fair value, if AB Holding Unit price levels **is one factor in fair value calculation, significant** decline **declines** significantly, reaching the conclusion **make it harder to conclude** that fair value exceeds carrying value will, over time, become more difficult. In addition, **Economic conditions also impact** control premiums, industry earnings multiples, and discount rates are impacted by economic conditions. As a result, subsequent **potentially leading to more frequent** impairment tests may occur more frequently and be based on more negative assumptions and future cash flow projections, and may result in an impairment of goodwill. **This could** An impairment may result in a material charge to our earnings. For **additional more** information about **on** our impairment testing, see Item 7. The insurance that we purchase may not fully cover all potential exposures. We maintain **various types of insurance, including** professional liability, errors & omissions, fidelity, cyber, property, casualty, and business interruption. **However** and other types of insurance, **this** but such insurance may not cover all **business** risks and associated with the operation of our business. Our coverage is subject to exclusions and, limitations, including high self- insured retentions or deductibles, and maximum limits and liabilities covered. **Some** In addition, from time to time, various types of insurance may not **always** be available on commercially acceptable terms or, in some cases, at all. We **cannot guarantee** can make no assurance that a claim or claims will be covered by our insurance policies or, if covered, will not exceed our available insurance coverage, or that our insurers will remain solvent and meet their obligations. In the future **Future coverage,** we may not be able to obtain **obtainable** coverage at current levels, if at all, and our premiums may increase significantly on coverage that we maintain. Also **Additionally,** we currently are party to certain **if our affiliates exclude us from** joint insurance arrangements with subsidiaries of EQH. If our affiliates choose not to include us as insured parties under any such policies, we may need to obtain **secure** stand- alone insurance coverage **with potentially less favorable,** which could have coverage terms that are less beneficial to us and **higher /or cost costs** more. Legal and Regulatory- related Risks Our business is subject to pervasive,

complex and continuously evolving global regulation, compliance with which involves substantial expenditures of time and money, and violation of which may result in material adverse consequences. **Our** Virtually all aspects of our business are is subject to federal and state laws and, **securities** regulations, **exchange** rules of securities regulators and exchanges, and **foreign jurisdiction** laws and regulations in the foreign jurisdictions in which our subsidiaries conduct business. **Violations** If we violate these laws or regulations, we could **result in** be subject to civil or liability, criminal liability or, **sanction sanctions**, including **license or restriction registration** or revocation of our and our subsidiaries' professional licenses or registrations, revocation of the licenses of our employees, censures, fines, or temporary **business** suspension or permanent bar from conducting business. Any such **Such outcomes** liability or sanction could have a material **materially** adverse effect **affect** on our financial condition, results of operations, and business prospects. **A Even without a finding of wrongdoing**, regulatory proceeding **proceedings**, even if it does not result in a finding of wrongdoing or sanction, could require **significant** substantial expenditures of time and money and could potentially damage our reputation. **24AllianceBernstein** In recent years, global **Global** regulators have substantially increased their oversight of financial services. Some of the, **impacting our business with** newly -- **new** -- adopted and proposed regulations are focused on, **especially in** investment management services. **Compliance has also become** Others, while more broadly focused, nonetheless impact our business. Moreover, the adoption of new laws, regulations or standards and changes in the interpretation or enforcement of existing laws, regulations or standards have directly affected, and will continue to affect, our business, including making our efforts to comply more expensive and time-consuming. For example, there has been increasing regulatory focus on ESG -- related practices **remains** by investment managers. In 2023, the State of California passed two climate disclosure laws that will impose significant reporting obligations on companies doing business in California. Additionally, the SEC is poised in 2024 to issue a rule enhancing and standardizing climate disclosures by U. S. public companies, including investment managers. The SEC also has focused on the **continues to scrutinize ESG investment** labeling by investment funds to prevent misleading claims. Privacy regulations such as the General Data Protection Regulation ("GDPR") in Europe have strengthened privacy rules for organizations handling personal data, **granting individuals more rights and control over the use** of their activities personal data, and greatly increasing penalties or for investments **noncompliance**. In many other jurisdictions in which our subsidiaries operate, there is ongoing change **to update and strengthen privacy regulations in a manner similar to GDPR, such** as "sustainable" and has examined the methodology used by funds for determining ESG investments **California Consumer Privacy Act and California Privacy Rights Act**, and India's Digital Personal Data Protection Act with a keen focus on whether such labeling may be misleading. **22AllianceBernstein** The Outside the U. S., the European Commission 's has adopted an action plan on financing sustainable growth, as well as initiatives at the European Union (the "EU") **action plan and** level, such as the EU Sustainable Finance Disclosure Regulation **also impose** (the "SFDR"). Compliance with the SFDR and other ESG-related regulations may subject us to increased restrictions, disclosure obligations, and compliance and other associated costs, **with** as well as potential reputational **harm risks**. Also **In Taiwan**, in 2015 the Financial Supervisory Commission in Taiwan (the "FSC") implemented new limits on the degree to which local **ownership of** investors can own an offshore investment product **products in 2015**. While certain **we have had** exemptions have been available to us, **losing** should we not continue to qualify, the **them** FSC's rules could force some of our local resident investors to redeem their investments in our funds sold in Taiwan, **significantly reducing our advisory fees and revenues**. Our fund management company ("FMC" and/or prevent further sales of those funds in Taiwan), some operations in China are subject to a number of which funds have regulatory risks, created by an opaque political system evolving regulatory environment and complex data security and data transfer regulations. Foreign governments like China could retaliate against businesses like ours for decisions made by the US government in areas like sanctions and tariffs. China's cybersecurity laws and regulations can be complex and may require companies to store data locally. Restrictions on transfers of certain types of onshore entity business information also may limit our ability to aggregate, report, and monitor such data on our global platform. These factors may increase compliance risk and costs, including the possibility that a breach of local **regulation** ownership levels substantially above the FSC limits. This could **result** lead to significant declines in our investment advisory **penalties, fines** and services fees and revenues earned from these -- **the funds revocation of our FMC license**. We are involved in various legal proceedings and regulatory matters and may be involved in such proceedings in the future, any one or combination of which could have a material adverse effect on our reputation, financial condition, results of operations and business prospects. We are involved in various **matters, including** regulatory inquiries, administrative proceedings, and litigation, some **alleging** of which **allege** significant damages, and we may be involved **with potential for future involvement** in additional matters in the future. Litigation **carries** is subject to significant uncertainties, particularly when plaintiffs allege substantial or indeterminate damages, the litigation is in its early stages, or when the litigation is highly complex or broad in scope. Structure-related Risks The partnership structure of AB Holding and AB limits Unitholders' abilities to influence the management and operation of AB's business and is highly likely to prevent a change in control of AB Holding and AB. The General Partner, as **has** general partner of both **exclusive authority to manage and operate** AB Holding and AB, **unless otherwise stated in** generally has the exclusive right and full authority and responsibility to manage, conduct, control and operate their respective businesses, except as otherwise expressly stated in their respective Amended and Restated **Partnership** Agreements of Limited Partnership. AB Holding and AB Unitholders have more limited voting rights **compared to corporate** on matters affecting AB than do holders of common **stockholders** stock in a corporation. Both Amended and Restated Agreements of Limited Partnership provide that Unitholders **cannot** do not have any right to vote for directors of the General Partner and **can** that Unitholders only can vote on certain extraordinary matters (, including **the** removal of the General Partner under **specific** certain extraordinary circumstances). **The** Additionally, the AB Partnership Agreement **also** includes significant restrictions -- **restricts** on the transfer of AB Units and **effectively** provisions that have the practical effect of preventing **prevents** the removal of the General Partner, **making** which provisions are highly likely to prevent a change in control of AB's management **highly unlikely**. AB Units are illiquid and subject to significant

transfer restrictions. There is no public trading market for AB Units, and we do not expect one to anticipate that a public trading market will develop. The AB Partnership Agreement restricts our ability to participate participation in a public trading market or anything substantially equivalent to avoid classification one by providing that any transfer that may cause AB to be classified as a "publicly traded partnership" ("PTP") under as defined in Section 7704 of the Internal Revenue Code of 1986, as amended (the "Code"), shall be deemed rendering any such transfer void and shall not be recognized by AB. In addition, AB Units also face are subject to significant transfer restrictions on transfer, requiring such as obtaining the written consent of from EQH and the General Partner pursuant to the, Transfers that risk AB being Partnership Agreement. Generally, neither EQH nor the General Partner will permit any transfer that it believes would create a risk that AB would be treated as a corporation for tax purposes are generally not permitted. EQH and the General Partner have implemented a transfer program that requires a seller-sellers to find buyers locate a purchaser and imposes annual volume restrictions on transfers. You may can request a copy of the transfer program from our Corporate Secretary or find it (corporate secretary @ alliancebernstein.com). Also, we have filed the transfer program as Exhibit 10.07 to in this Form 10-K. Changes in the treatment of AB Holding and AB as partnerships for tax purposes would have significant tax ramifications. Having AB Holding has elected to be taxed as a PTP under Section 7704 (g) of the Internal Revenue Code, with to be subject to a 3.5% federal tax on partnership its gross income from the active conduct of a trade or business. To maintain its PTP status, AB Holding cannot is a PTP that is taxable as a partnership for federal income tax purposes. To preserve AB Holding's status as a PTP that is taxed as a partnership for federal income tax purposes, AB Holding must not directly or indirectly (through AB) enter into a substantial new line of business. A "new line of business" includes any business 2023 Annual Report 25 that is defined as one not closely related to AB's historical activities, business of providing research and diversified investment management and related services to its- it becomes clients. A new line of business is "substantial if it generates" when a partnership derives more than 15% of its the partnership's gross income from, or uses more than 15% of its assets (by value) of its total assets in, the new line of business. Additionally To preserve AB's status as a private partnership for federal income tax purposes, AB Units must not be considered publicly traded to maintain AB's status as a private partnership for tax purposes. If either or both AB Holding and or AB were taxable taxed as a corporation, the return on investment to Unitholders generally would face double be reduced because distributions to Unitholders generally would be subject to two layers of taxation: first, amounts available for distribution would be subject to federal (and applicable state and local) taxes at the corporate entity level; and second, then on Unitholders generally would be subject to federal (and applicable state and local) taxes upon receipt of dividends received. Both AB Holding and AB are subject to the a 4.0% New York City unincorporated business tax ("UBT"), with AB Holding may not able to offset UBT credits for UBT paid by AB. There are no assurances that AB Holding will remain a PTP or continue to receive the current tax benefits associated with being a PTP. Changes in tax law governing us or an increase in business activities outside the U.S. could have a material impact on us. Legislative proposals have been or may be introduced that, if enacted, could have a material materially adverse effect affect on us, but. We cannot predict the their outcome outcomes are unpredictable of such legislative proposals. AB management is continues to monitor monitoring potential impacts of and assess how any new legislation could affect AB. Each of AB's non-U.S. corporate subsidiaries are generally is subject to local taxes. Increased operations abroad or changes in the foreign jurisdiction where it is located. If our business increasingly operates in countries other than the U.S., or if there are changes in tax law laws or rates could raise of taxation in foreign jurisdictions where our corporate subsidiaries operate, AB's effective tax rate could increase. 2024 Annual Report 23 If any audit by the Internal Revenue Service ("IRS") of our income tax returns for any of our taxable years beginning after December 31, 2017 results in any adjustments, the IRS may collect any resulting taxes, including any applicable penalties and interest, directly from us, in which case our net income and the cash available for quarterly Unitholder distributions may be substantially reduced. For taxable years beginning after December 31, 2017, a "partnership representative" that we designate (a "Partnership Representative") has will have the sole authority to act on our behalf in for purposes of, among other things, IRS audits and related proceedings (and any similar state or local audits and proceedings). Any actions Actions taken by us or by the Partnership Representative on our behalf in connection with such audits or proceedings will be binding on us and our Unitholders. For In an audit of a partnership's taxable years beginning starting after December 31, 2017, the IRS typically; absent an election by the partnership to the contrary (see discussion below), generally determines adjustments---- adjusts at the partnership level in the year in which the audit is resolved. We may Generally, we will have the ability to collect any resulting tax liability (and any related interest and or penalties) from our Unitholders based on in accordance with their percentage interests during the year under audit, but there is can be no guarantee assurance that we will elect to do so or be able to do so under all circumstances. If we do not collect such this tax liability from our Unitholders in accordance with their percentage interests in the tax year under audit, our net income and the available cash for quarterly distributions could decrease to current Unitholders may be substantially reduced. Accordingly As a result, our current Unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if they such Unitholders did not own Units during the tax audited year under audit. Additionally In particular, we with respect to AB Holding, our Partnership Representative may; in certain instances, request adjustments to that any "imputed under-payment" resulting from an audit be adjusted by amounts of certain of our passive losses from certain audits. If we successfully make such a request, we which would could have to reduce suspended passive loss carryovers in a manner which is binding on the partners. We In addition, for taxable years beginning after December 31, 2017, we may also; but are not required to, make an election to require our Unitholders to take into account on their income tax returns an audit adjustment made to our income tax items, also known as a "push-out" election, which would require our Unitholders to account for audit adjustments on their tax returns. This may also require Unitholders to provide certain information to us, (possibly including information details about the beneficial owners of our Unitholders). Also However, we a partnership that is a partner of another partnership (such as AB Holding with respect to AB) may elect to have its unitholders take an audit adjustment of the lower-tier partnership into account (i.e., the

upper-tier partnership may push adjustments received from the lower-tier partnership through to the partners of the upper-tier partnership). There are several requirements **not required** to make **this** a "push-out" election and we may be unable or unwilling to **do so** comply with such requirements. If we do not make **the** a "push-out" election, we would **have** be required to pay any **tax taxes** resulting from the adjustments to our income tax items, and **which would reduce** the cash available for distribution to **unitholders**. **Unitholders** would be substantially reduced. Non-U.S. unitholders may be subject to withholding tax on the sale of their AB Units or AB Holding Units, as well as on distributions, and we may be liable for any under-withholding. Gain or loss from the sale or exchange of a partnership unit by a non-U.S. unitholder is treated as effectively connected with a U.S. trade or business and is subject to U.S. federal income tax **if** to the extent that the non-U.S. unitholder would have had effectively connected gain or loss on a hypothetical sale **by of** the partnership of all of its assets at fair market value as of the date of the sale or exchange of the partnership units. In furtherance of the foregoing, a transferee of a partnership unit is required to withhold a tax equal to 10% of the amount realized on any transfer of such a partnership unit unless an exception applies. **26 Alliance Bernstein Distributions** by a PTP to a non-U.S. unitholder also are subject to U.S. withholding tax if the PTP has effectively connected gross income, gain or loss. A transferee is not required to withhold tax if it relies on a certification issued by the transferor or the underlying partnership establishing that an exception to withholding applies. If a transferee of AB Units is required to withhold and failed to properly do so, AB would be required to withhold on distributions to the transferee to satisfy that liability. A broker is not required to withhold on the transfer of an interest in a PTP or on a distribution by a PTP if the PTP certifies that the "10% exception" applies. This exception applies if, either (1) the PTP was not engaged in a U.S. trade or business during a specified time period, or (2) upon a hypothetical sale of the PTP's assets at fair market value, (i). **A transferee must withhold 10% of** the amount of net gain that would have been **realized on the transfer unless an exception applies. Distributions by a PTP to a non-U.S. unitholder are also subject to U.S. withholding tax if the PTP has** effectively connected with the conduct of gross income, gain, or loss. **A transferee is not required to withhold tax if it relies on a certification from the transferor or the partnership that an exception applies. If a transferee fails to withhold when required, AB must withhold on distributions to the transferee to cover the liability. A broker is not required to withhold on the transfer of a PTP interest or on a PTP distribution if the PTP certifies that the "10% exception" applies. This exception applies if the PTP was not engaged in a U.S. trade or business within during a specified period, or if a hypothetical sale of the U.S. PTP's assets would be result in less than 10% of the total net gain, being effectively connected with a U.S. trade or (ii) business, or** no gain would **be** have been effectively connected with the conduct of a trade or business in the U.S. To make **certify** this certification, the PTP must issue a "qualified notice" indicating that it qualifies for **this the** exception, which we have done and **will** intend to continue to do. The **qualified** notice must state the amount of a distribution **amounts** that is attributable to each type of income group specified in the Treasury Regulations. **The, be posted on the PTP's** must post each qualified notice on its primary public website (and keep it accessible for 10 years), and **be deliver delivered** it to any registered **nominee** holder that is a nominee. A broker **cannot** may not rely on **the** such a certification if it **knows it** has actual knowledge that the certification is incorrect or unreliable. As a PTP, AB Holding may be liable for any under-withholding by a broker **relying** that relies on a qualified notice **if for which we failed** -- **fail** to make a reasonable estimate of the amounts required for **determining the applicability of** the 10% exception.