

Invesco Ltd.  
Form 4  
March 04, 2015

**FORM 4**

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

OMB APPROVAL

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**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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Armour Gregory Mark

(Last) (First) (Middle)  
1555 PEACHTREE STREET  
NE, SUITE 1800  
  
(Street)

ATLANTA, GA 30309

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
Invesco Ltd. [IVZ]

3. Date of Earliest Transaction  
(Month/Day/Year)  
03/03/2015

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
SMD

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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	(D)	Price
Common Shares	03/03/2015		S		25,000	D	40.41 \$ (1)
					383,018	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)**

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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. Number of Derivative Securities Owned Following Transaction (Instr. 6)
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Armour Gregory Mark 1555 PEACHTREE STREET NE SUITE 1800 ATLANTA, GA 30309			SMD	

## Signatures

/s/ Robert H. Rigsby, as Attorney in Fact  
Date: 03/04/2015

\*\*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).

Reflects the weighted-average sales price. Common Shares were sold in multiple transactions at prices ranging from \$40.41 to \$40.46 per (1) share. The reporting person undertakes to provide upon request to the SEC staff, the issuer or its shareowners full information regarding the number of shares sold at each separate price.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

\$  
1.34

Diluted  
\$  
0.52

\$  
0.42

\$  
1.47

\$  
1.34

See Accompanying Notes to Condensed Financial Statements.

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ALLIANCEBERNSTEIN HOLDING L.P.  
Condensed Statements of Comprehensive Income  
(in thousands)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income	\$50,258	\$42,086	\$143,922	\$134,677
Other comprehensive income (loss):				
Foreign currency translation adjustments, before reclassification and tax	320	(2,329 )	715	(4,014 )
Less: reclassification adjustment for (losses) gains included in net income upon liquidation	(2 )	—	(2 )	563
Foreign currency translation adjustments, before tax	322	(2,329 )	717	(4,577 )
Income tax benefit	29	47	86	48
Foreign currency translation adjustments, net of tax	351	(2,282 )	803	(4,529 )
Unrealized gains (losses) on investments:				
Unrealized gains (losses) arising during period	5	(13 )	(2 )	(137 )
Less: reclassification adjustments for (losses) gains included in net income	(3 )	455	(4 )	455
Changes in unrealized gains (losses) on investments	8	(468 )	2	(592 )
Income tax (expense) benefit	(2 )	156	2	258
Unrealized gains (losses) on investments, net of tax	6	(312 )	4	(334 )
Changes in employee benefit related items:				
Amortization of prior service cost	5	—	41	—
Recognized actuarial gain	265	407	608	584
Changes in employee benefit related items	270	407	649	584
Income tax benefit (expense)	7	(11 )	(23 )	(35 )
Employee benefit related items, net of tax	277	396	626	549
Other comprehensive income (loss)	634	(2,198 )	1,433	(4,314 )
Comprehensive income	\$50,892	\$39,888	\$145,355	\$130,363

See Accompanying Notes to Condensed Financial Statements.

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## ALLIANCEBERNSTEIN HOLDING L.P.

## Condensed Statements of Cash Flows

(in thousands)

(unaudited)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$143,922	\$134,677
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net income attributable to AB Unitholders	(160,759 )	(153,194 )
Cash distributions received from AB	143,982	168,505
Changes in assets and liabilities:		
(Increase) in other assets	(223 )	(95 )
Increase (decrease) in other liabilities	81	(105 )
Net cash provided by operating activities	127,003	149,788
Cash flows from investing activities:		
Investments in AB with proceeds from exercise of compensatory options to buy AB Holding Units	(2,371 )	(8,979 )
Net cash used in investing activities	(2,371 )	(8,979 )
Cash flows from financing activities:		
Cash distributions to Unitholders	(127,348 )	(150,521 )
Capital contributions from AB	345	733
Proceeds from exercise of compensatory options to buy AB Holding Units	2,371	8,979
Net cash used in financing activities	(124,632 )	(140,809 )
Change in cash and cash equivalents	—	—
Cash and cash equivalents as of beginning of period	—	—
Cash and cash equivalents as of end of period	\$—	\$—

See Accompanying Notes to Condensed Financial Statements.

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ALLIANCEBERNSTEIN HOLDING L.P.  
Notes to Condensed Financial Statements  
September 30, 2016  
(unaudited)

The words “we” and “our” refer collectively to AllianceBernstein Holding L.P. (“AB Holding”) and AllianceBernstein L.P. and its subsidiaries (“AB”), or to their officers and employees. Similarly, the word “company” refers to both AB Holding and AB. Where the context requires distinguishing between AB Holding and AB, we identify which of them is being discussed.

1. Business Description, Organization and Basis of Presentation

Business Description

AB Holding’s principal source of income and cash flow is attributable to its investment in AB limited partnership interests. The condensed financial statements and notes of AB Holding should be read in conjunction with the condensed consolidated financial statements and notes of AB included as an exhibit to this quarterly report on Form 10-Q and with AB Holding’s and AB’s audited financial statements included in AB Holding’s Form 10-K for the year ended December 31, 2015.

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

**Institutional Services** – servicing its 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 its 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 its 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.

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

AB’s high-quality, in-depth research is the foundation of its business. AB’s research disciplines include economic, fundamental equity, fixed income and quantitative research. In addition, AB has experts focused on multi-asset strategies, wealth management and alternative investments.

AB provides a broad range of investment services with expertise in:

Explanation of Responses:

• 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

• Multi-asset solutions and services, including dynamic asset allocation, customized target-date funds and target-risk funds.

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AB's 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.

Organization

As of September 30, 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 AB Holding ("AB Holding Units").

As of September 30, 2016, the ownership structure of AB, expressed as a percentage of general and limited partnership interests, is as follows:

AXA and its subsidiaries	63.6 %
AB Holding	35.1
Unaffiliated holders	1.3
	100.0%

AllianceBernstein Corporation (an indirect wholly-owned subsidiary of AXA, "General Partner") is the general partner of both 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 have an approximate 64.2% economic interest in AB as of September 30, 2016.

Basis of Presentation

The interim condensed financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the interim results, have been made. The preparation of the condensed financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the condensed financial statements and the reported amounts of revenues and expenses during the interim reporting periods. Actual results could differ from those estimates. The condensed statement of financial condition as of December 31, 2015 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

AB Holding records its investment in AB using the equity method of accounting. AB Holding's investment is increased to reflect its proportionate share of income of AB and decreased to reflect its proportionate share of losses of AB and cash distributions made by AB to its Unitholders. In addition, AB Holding's investment is adjusted to reflect its proportionate share of certain capital transactions of AB.

Revision

During the third quarter of 2016, AB identified an error that has been impacting the calculation of its tax provision since 2010. As a result of this error, which impacted our equity in net income attributable to AB Unitholders, AB revised its previously issued financial statements and we revised Holding's financial statements.



In regard to the revision of Holding's previously issued financial statements, we recorded a cumulative adjustment to our 2012 partners' capital account and revised our statements of financial condition and statements of income from 2012 through the second quarter of 2016. As of December 31, 2015, the cumulative impact of the revision on partners' capital in the condensed consolidated statement of financial condition was \$13.8 million. We revised our equity in net income attributable to AB Unitholders, net income, and basic and diluted net income per unit reported in prior periods in the condensed statements of income. The tables below reflect the revisions to these line items for the three months and nine months ended September 30, 2015 presented in this Form 10-Q, as well as the six months ended June 30, 2016, which impacted the financial results for the nine months ended September 30, 2016. Other periods that have been revised, including the three months ended June 30, 2016, will appear in our future annual and quarterly filings.

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	Three Months Ended September 30, 2015		
	As Reported	Adjustment	As Revised
	(in thousands, except per unit amounts)		
Equity in net income attributable to AB Unitholders	\$48,988	\$ (601 )	\$48,387
Net income	42,687	(601 )	42,086
Basic net income per Unit	0.43	(0.01 )	0.42
Diluted net income per Unit	0.43	(0.01 )	0.42
	Nine Months Ended September 30, 2015		
	As Reported	Adjustment	As Revised
	(in thousands, except per unit amounts)		
Equity in net income attributable to AB Unitholders	\$155,013	\$ (1,819 )	\$153,194
Net income	136,496	(1,819 )	134,677
Basic net income per Unit	1.36	(0.02 )	1.34
Diluted net income per Unit	1.36	(0.02 )	1.34
	Six Months Ended June 30, 2016		
	As Reported	Adjustment	As Revised
	(in thousands, except per unit amounts)		
Equity in net income attributable to AB Unitholders	\$106,621	\$ (1,787 )	\$104,834
Net income	95,451	(1,787 )	93,664
Basic net income per Unit	0.97	(0.02 )	0.95
Diluted net income per Unit	0.97	(0.02 )	0.95

## 2. Cash Distributions

AB Holding is required to distribute all of its Available Cash Flow, as defined in the Amended and Restated Agreement of Limited Partnership of AB Holding (“AB Holding Partnership Agreement”), to its Unitholders pro rata in accordance with their percentage interests in AB Holding. Available Cash Flow is defined as the cash distributions AB Holding receives from AB minus such amounts as the General Partner determines, in its sole discretion, should be retained by AB Holding 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.

On October 26, 2016, the General Partner declared a distribution of \$0.45 per unit, representing a distribution of Available Cash Flow for the three months ended September 30, 2016. Each general partnership unit in AB Holding is entitled to receive distributions equal to those received by each AB Holding Unit. The distribution is payable on November 17, 2016 to holders of record at the close of business on November 7, 2016.



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3. Long-term Incentive Compensation Plans

AB maintains several unfunded, non-qualified long-term incentive compensation plans, under which the company grants awards of restricted AB Holding Units and options to buy AB Holding Units to its employees and members of the Board of Directors, who are not employed by AB or by any of AB's affiliates ("Eligible Directors").

AB funds its 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 AB Holding 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 the third quarter and first nine months of 2016, AB purchased 2.0 million and 5.8 million AB Holding Units for \$45.2 million and \$129.2 million, respectively (on a trade date basis). These amounts reflect open-market purchases of 2.0 million and 5.7 million AB Holding Units for \$45.1 million and \$127.1 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 distribution of long-term incentive compensation awards. During the third quarter and first nine months of 2015, AB purchased 3.0 million and 3.8 million AB Holding Units for \$82.1 million and \$103.4 million, respectively (on a trade date basis). These amounts reflected open-market purchases of 3.0 million and 3.7 million AB Holding Units for \$82.1 million and \$101.1 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 distribution of long-term incentive compensation awards.

Each quarter, AB implements plans 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 selected by AB has the authority under the terms and limitations specified in the plan to repurchase AB Holding Units on AB's behalf in accordance with the terms of the plan. Repurchases are 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 third quarter of 2016 expired at the close of business on October 25, 2016. AB 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 its incentive compensation award program and for other corporate purposes.

During the first nine months of 2016 and 2015, AB granted to employees and Eligible Directors 0.7 million and 0.3 million restricted AB Holding Unit awards, respectively. AB used AB Holding Units repurchased during the period and newly-issued AB Holding Units to fund the restricted AB Holding Unit awards.

During the first nine months of 2016 and 2015, AB Holding issued 0.1 million and 0.5 million AB Holding Units, respectively, upon exercise of options to buy AB Holding Units. AB Holding used the proceeds of \$2.4 million and \$9.0 million, respectively, received from employees as payment in cash for the exercise price to purchase the equivalent number of newly-issued AB Units.

4. Net Income per Unit

Basic net income per unit is derived by dividing net income by the basic weighted average number of units outstanding for each period. Diluted net income per unit is derived by adjusting net income for the assumed dilutive

effect of compensatory options (“Net income – diluted”) and dividing by the diluted weighted average number of units outstanding for each period.

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(in thousands, except per unit amounts)			
Net income – basic	\$50,258	\$42,086	\$143,922	\$134,677
Additional allocation of equity in net income attributable to AB resulting from assumed dilutive effect of compensatory options	221	297	581	1,070
Net income – diluted	\$50,479	\$42,383	\$144,503	\$135,747
Weighted average units outstanding – basic	95,890	99,651	97,643	100,255
Dilutive effect of compensatory options	590	970	554	1,113
Weighted average units outstanding – diluted	96,480	100,621	98,197	101,368
Basic net income per unit	\$0.52	\$0.42	\$1.47	\$1.34
Diluted net income per unit	\$0.52	\$0.42	\$1.47	\$1.34

For the three and nine months ended September 30, 2016, we excluded 2,873,106 options from the diluted net income computation due to their anti-dilutive effect. For the three and nine months ended September 30, 2015, we excluded 2,771,250 and 2,383,589 options, respectively, from the diluted net income computation due to their anti-dilutive effect.

## 5. Investment in AB

Changes in AB Holding's investment in AB during the nine-month period ended September 30, 2016 are as follows (in thousands):

Investment in AB as of December 31, 2015	\$1,576,120
Equity in net income attributable to AB Unitholders	160,759
Changes in accumulated other comprehensive income (loss)	1,433
Additional investments with proceeds from exercise of compensatory options to buy AB Holding Units	2,371
Cash distributions received from AB	(143,982 )
Capital contributions from AB	(345 )
AB Holding Units retired	(135,943 )
AB Holding Units issued to fund long-term incentive compensation plans	15,199
Change in AB Holding Units held by AB for long-term incentive compensation plans	(696 )
Investment in AB as of September 30, 2016	\$1,474,916

## 6. Units Outstanding

Changes in AB Holding Units outstanding during the nine-month period ended September 30, 2016 are as follows:

Outstanding as of December 31, 2015	100,044,485
Options exercised	139,093
Units issued	710,925
Units retired	(6,077,588 )
Outstanding as of September 30, 2016	94,816,915

Explanation of Responses:



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## 7. Income Taxes

AB Holding is a “grandfathered” publicly-traded partnership (“PTP”) for federal tax purposes and, accordingly, is not subject to federal or state corporate income taxes. However, AB Holding is subject to the 4.0% New York City unincorporated business tax (“UBT”), net of credits for UBT paid by AB, and to a 3.5% federal tax on partnership gross income from the active conduct of a trade or business. AB Holding’s partnership gross income is derived from its interest in AB.

AB Holding’s income tax is computed by multiplying certain AB qualifying revenues (primarily U.S. investment advisory fees and brokerage commissions) by AB Holding’s ownership interest in AB, multiplied by the 3.5% tax rate. AB Holding Units in AB’s consolidated rabbi trust are not treated as outstanding for purposes of calculating AB Holding’s ownership interest in AB.

	Three Months Ended September 30,			Nine Months Ended September 30,			
	2016	2015	% Change	2016	2015	% Change	
Net income attributable to AB Unitholders	\$ 158,035	\$ 133,308	18.5 %	\$ 448,820	\$ 420,533	6.7 %	
Multiplied by: weighted average equity ownership interest	35.4	% 36.3	%	35.8	% 36.4	%	
Equity in net income attributable to AB Unitholders	\$ 55,925	\$ 48,387	15.6	\$ 160,759	\$ 153,194	4.9	
AB qualifying revenues	\$ 531,856	\$ 572,391	(7.1 )	\$ 1,565,294	\$ 1,682,390	(7.0 )	
Multiplied by: weighted average equity ownership interest for calculating tax	29.8	% 30.8	%	30.1	% 30.9	%	
Multiplied by: federal tax	3.5	% 3.5	%	3.5	% 3.5	%	
Federal income taxes	5,549	6,167		16,494	18,171		
State income taxes	118	134		343	346		
Total income taxes	\$ 5,667	\$ 6,301	(10.1)	\$ 16,837	\$ 18,517	(9.1 )	
Effective tax rate	10.1	% 13.0	%	10.5	% 12.1	%	

In order to preserve AB Holding’s status as a “grandfathered” PTP for federal income tax purposes, management seeks to ensure that AB Holding does not directly or indirectly (through AB) enter into a substantial new line of business. If AB Holding were to lose its status as a “grandfathered” PTP, it would be subject to corporate income tax, which would reduce materially AB Holding’s net income and its quarterly distributions to AB Holding Unitholders.

## 8. Commitments and Contingencies

Legal and regulatory matters described below pertain to AB and are included here due to their potential significance to AB Holding’s investment in AB.

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.

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During the first quarter of 2012, AB 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 AB’s 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 has 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 (“Claim”) in the High Court of Justice in London, England, which formally commenced litigation with respect to the allegations in the Letter of Claim.

We believe that any losses to Philips resulted from adverse developments in the U.S. housing and mortgage market that precipitated the financial crisis in 2008 and not from any negligence or other failure or malfeasance on our part. We believe that we have strong defenses to these claims, which are set forth in our October 12, 2012 response to the Letter of Claim and our June 27, 2014 Statement of Defence in response to the Claim, and intend to defend this matter vigorously.

In addition to the Claim discussed immediately above, AB is involved in various other matters, including regulatory inquiries, administrative proceedings and litigation, some of which allege significant damages.

In the opinion of AB’s management, an adequate accrual has been made as of September 30, 2016 to provide for any probable losses regarding any litigation matters for which management can reasonably estimate an amount of loss. It is reasonably possible that AB could incur additional losses pertaining to these matters, but currently management 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 operations, financial condition or liquidity in any future reporting period.

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## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

AB Holding's principal source of income and cash flow is attributable to its investment in AB Units. AB Holding's interim condensed financial statements and notes and management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with those of AB included as an exhibit to this Form 10-Q. They also should be read in conjunction with AB's audited financial statements and notes and MD&A included in AB Holding's Form 10-K for the year ended December 31, 2015.

## Results of Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
	(in thousands, except per unit amounts)			(in thousands, except per unit amounts)		
Net income attributable to AB Unitholders	\$158,035	\$133,308	18.5 %	\$448,820	\$420,533	6.7 %
Weighted average equity ownership interest	35.4	% 36.3	%	35.8	% 36.4	%
Equity in net income attributable to AB Unitholders	55,925	48,387	15.6	160,759	153,194	4.9
Income taxes	5,667	6,301	(10.1)	16,837	18,517	(9.1)
Net income of AB Holding	\$50,258	\$42,086	19.4	\$143,922	\$134,677	6.9
Diluted net income per AB Holding Unit	\$0.52	\$0.42	23.8	\$1.47	\$1.34	9.7
Distribution per AB Holding Unit	\$0.45	\$0.43	4.7	\$1.25	\$1.36	(8.1)

During the third quarter of 2016, AB identified an error that has been impacting the calculation of its tax provision since 2010. As a result of this error, which impacted our equity in net income attributable to AB Unitholders, AB revised its previously issued financial statements and we revised Holding's financial statements. See Note 1 to the condensed financial statements contained in Item 1 for further discussion.

Net income for the three and nine months ended September 30, 2016 increased \$8.2 million and \$9.2 million, respectively, due to higher net income attributable to AB Unitholders, offset by a lower weighted average equity ownership interest.

AB Holding's partnership gross income is derived from its interest in AB. AB Holding's income taxes, which reflect a 3.5% federal tax on its partnership gross income from the active conduct of a trade or business, are computed by multiplying certain AB qualifying revenues (primarily U.S. investment advisory fees and brokerage commissions) by AB Holding's ownership interest in AB (adjusted for AB Holding Units owned by AB's consolidated rabbi trust), multiplied by the 3.5% tax rate. AB Holding's effective tax rate was 10.1% in the third quarter of 2016 compared to 13.0% during the third quarter of 2015. AB Holding's effective tax rate during the nine months ended September 30, 2016 was 10.5%, compared to 12.1% during the nine months ended September 30, 2015. See Note 7 to the condensed financial statements contained in Item 1 for the calculation of income tax expense.

## Management Operating Metrics

As supplemental information, AB provides the performance measures "adjusted net revenues", "adjusted operating income" and "adjusted operating margin", which are the principal metrics management uses in evaluating and comparing the period-to-period operating performance of AB. Management principally uses these metrics in evaluating

performance because they present a clearer picture of AB's operating performance and allow management to see long-term trends without the distortion primarily caused by long-term incentive compensation-related mark-to-market adjustments, real estate consolidation charges and other adjustment items. Similarly, management believes that these management operating metrics help investors better understand the underlying trends in AB's results and, accordingly, provide a valuable perspective for investors. Such measures are not based on generally accepted accounting principles ("non-GAAP measures"). These non-GAAP measures are provided in addition to, and not as

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substitutes for, net revenues, operating income and operating margin, and they may not be comparable to non-GAAP measures presented by other companies. Management uses both the GAAP and non-GAAP measures in evaluating the company's financial performance. The non-GAAP measures alone may pose limitations because they do not include all of AB's revenues and expenses. Further, adjusted diluted net income per AB Holding Unit is not a liquidity measure and should not be used in place of cash flow measures. See AB's MD&A contained in Exhibit 99.1.

The impact of these adjustments on AB Holding's net income and diluted net income per AB Holding Unit are as follows:

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
	2016	2015	2016	2015
	(in thousands, except per unit amounts)			
AB non-GAAP adjustments, before taxes	\$(20,957)	\$1,908	\$(70,597)	\$1,587
Income tax benefit (expense) on non-GAAP adjustments	1,310	(159)	5,189	(120)
AB non-GAAP adjustments, after taxes	(19,647)	1,749	(65,408)	1,467
AB Holding's weighted average equity ownership interest in AB	35.4	% 36.3	% 35.8	% 36.4
Impact on AB Holding's net income of AB non-GAAP adjustments	\$(6,953)	\$635	\$(23,428)	\$535
Net income – diluted, GAAP basis	\$50,479	\$42,383	\$144,503	\$135,747
Impact on AB Holding's net income of AB non-GAAP adjustments	(6,953)	635	(23,428)	535
Adjusted net income – diluted	\$43,526	\$43,018	\$121,075	\$136,282
Diluted net income per AB Holding Unit, GAAP basis	\$0.52	\$0.42	\$1.47	\$1.34
Impact of AB non-GAAP adjustments	(0.07)	0.01	(0.24)	—
Adjusted diluted net income per AB Holding Unit	\$0.45	\$0.43	\$1.23	\$1.34

The degree to which AB's non-GAAP adjustments impact AB Holding's net income fluctuates based on AB Holding's ownership percentage in AB.

Cash Distributions

AB Holding is required to distribute all of its Available Cash Flow, as defined in the AB Holding Partnership Agreement, to its Unitholders (including the General Partner). Available Cash Flow typically is the adjusted diluted net income per unit for the quarter multiplied by the number of units outstanding at the end of the quarter. Management anticipates that Available Cash Flow will continue to be based on adjusted diluted net income per unit, unless management determines, with concurrence of the Board of Directors, 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. See Note 2 to the condensed financial statements contained in Item 1 for a description of Available Cash Flow.

Capital Resources and Liquidity

During the nine months ended September 30, 2016, net cash provided by operating activities was \$127.0 million, compared to \$149.8 million during the corresponding 2015 period. The decrease primarily resulted from lower cash distributions received from AB of \$24.5 million.

During the nine months ended September 30, 2016, net cash used in investing activities was \$2.4 million, compared to \$9.0 million during the corresponding 2015 period. The decrease reflects lower investments in AB with proceeds from exercises of compensatory options to buy AB Holding Units.

Explanation of Responses:

During the nine months ended September 30, 2016, net cash used in financing activities was \$124.6 million, compared to \$140.8 million during the corresponding 2015 period. The decrease was due to lower cash distributions to Unitholders of \$23.2 million, offset by lower proceeds from exercises of compensatory options to buy AB Holding Units of \$6.6 million.

Management believes that AB Holding will have the resources it needs to meet its financial obligations as a result of the cash flow AB Holding realizes from its investment in AB.

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Commitments and Contingencies

See Note 8 to the condensed financial statements contained in Item 1.

CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS

Certain statements provided by management in this report and in the portion of AB's Form 10-Q attached hereto as Exhibit 99.1 are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The most significant of these factors include, but are not limited to, the following: the performance of financial markets, the investment performance of sponsored investment products and separately-managed accounts, general economic conditions, industry trends, future acquisitions, integration of acquired companies, competitive conditions and government regulations, including changes in tax regulations and rates and the manner in which the earnings of publicly-traded partnerships are taxed. We caution readers to carefully consider such factors. Further, these forward-looking statements speak only as of the date on which such statements are made; we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. For further information regarding these forward-looking statements and the factors that could cause actual results to differ, see "Risk Factors" in Part I, Item 1A of our Form 10-K for the year ended December 31, 2015 and Part II, Item 1A in this Form 10-Q. Any or all of the forward-looking statements that we make in our Form 10-K, this Form 10-Q, other documents we file with or furnish to the SEC, and any other public statements we issue, may turn out to be wrong. It is important to remember that other factors besides those listed in "Risk Factors" and those listed below also could affect adversely our revenues, financial condition, results of operations and business prospects.

The forward-looking statements referred to in the preceding paragraph, most of which directly affect AB but also affect AB Holding because AB Holding's principal source of income and cash flow is attributable to its investment in AB, include statements regarding:

Our belief that the cash flow AB Holding realizes from its investment in AB will provide AB Holding with the resources it needs to meet its financial obligations: AB Holding's cash flow is dependent on the quarterly cash distributions it receives from AB. Accordingly, AB Holding's ability to meet its financial obligations is dependent on AB's cash flow from its operations, which is subject to the performance of the capital markets and other factors beyond our control.

Our financial condition and ability to access the public and private capital markets providing adequate liquidity for our general business needs: Our financial condition is dependent on our cash flow from operations, which is subject to the performance of the capital markets, our ability to maintain and grow client assets under management and other factors beyond our control. Our ability to access public and private capital markets on reasonable terms may be limited by adverse market conditions, our firm's credit ratings, our profitability and changes in government regulations, including tax rates and interest rates.

The outcome of litigation: Litigation is inherently unpredictable, and excessive damage awards do occur. Though we have stated that we do not expect certain pending legal proceedings to have a material adverse effect on our results of operations, financial condition or liquidity, any settlement or judgment with respect to a pending or future legal proceeding could be significant, and could have such an effect.

The possibility that we will engage in open market purchases of AB Holding Units to help fund anticipated obligations under our incentive compensation award program: The number of AB Holding Units AB may decide to buy in future periods, if any, to help fund incentive compensation awards depends on various factors, some of which

are beyond our control, including the fluctuation in the price of an AB Holding Unit (NYSE: AB) and the availability of cash to make these purchases.

Our determination that adjusted employee compensation expense should not exceed 50% of our adjusted net revenues: Aggregate employee compensation reflects employee performance and competitive compensation levels. Fluctuations in our revenues and/or changes in competitive compensation levels could result in adjusted employee compensation expense exceeding 50% of our adjusted net revenues.

Our expectation that, as a result of repatriating future non-U.S. earnings, effective January 1, 2017, our effective tax rate will increase: Our effective tax rate fluctuates based on the mix of our earnings across our tax filing group, which includes our U.S. partnership, our U.S. corporate subsidiaries and our corporate subsidiaries operating in various non-U.S. jurisdictions, and the differences between the tax rates in the U.S and the other jurisdictions where we conduct business.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in AB Holding's market risk from the information provided under "Quantitative and Qualitative Disclosures About Market Risk" in Part II, Item 7A of AB Holding's Form 10-K for the year ended December 31, 2015.

### Item 4. 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 the disclosure controls and procedures. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures are effective.

#### Changes in Internal Control over Financial Reporting

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



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## Part II

## OTHER INFORMATION

## Item 1. Legal Proceedings

See Note 8 to the condensed financial statements contained in Part I, Item 1.

## Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in AB Holding's Form 10-K for the year ended December 31, 2015.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no AB Holding Units sold by AB Holding in the period covered by this report that were not registered under the Securities Act.

Each quarter, since the third quarter of 2011, AB has implemented plans to repurchase AB Holding Units pursuant to Rule 10b5-1 under the Exchange Act. The plan adopted during the third quarter of 2016 expired at the close of business on October 25, 2016. AB 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 the firm's incentive compensation award program and for other corporate purposes. See Note 3 to the condensed financial statements contained in Part 1, Item 1.

The following table provides information relating to any AB Holding Units bought by AB in the quarter covered by this report:

## ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of AB Holding Units Purchased	Average Price Paid Per AB Holding Unit, net of Commissions	Total Number of AB Holding Units Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of AB Holding Units that May Yet Be Purchased Under the Plans or Programs
7/1/16 - 7/31/16 <sup>(1)(2)</sup>	454,966	\$ 23.65	—	—
8/1/16 - 8/31/16 <sup>(2)</sup>	974,179	21.99	—	—
9/1/16 - 9/30/16 <sup>(1)(2)</sup>	581,156	22.33	—	—
Total	2,010,301	\$ 22.46	—	—

(1)

Explanation of Responses:

- During the third quarter of 2016, AB purchased from employees 391 AB Holding Units to allow them to fulfill statutory withholding tax requirements at the time of distribution of long-term incentive compensation awards.
- (2) During the third quarter of 2016, AB purchased 2,009,910 AB Holding Units on the open market pursuant to a Rule 10b5-1 plan to help fund anticipated obligations under our incentive compensation award program.

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The following table provides information relating to any AB Units bought by AB in the quarter covered by this report:

## ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of AB Units Purchased	Average Price Paid Per AB Unit, net of Commissions	Total Number of AB Units Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of AB Units that May Yet Be Purchased Under the Plans or Programs
7/1/16 - 7/31/16	—	\$ —	—	—
8/1/16 - 8/31/16	—	—	—	—
9/1/16 - 9/30/16 <sup>(1)</sup>	1,000	21.96	—	—
Total	1,000	\$ 21.96	—	—

<sup>(1)</sup> During September 2016, AB purchased 1,000 AB Units in private transactions.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

None.

## Item 5. Other Information

## Iran Threat Reduction and Syria Human Rights Act

AB, AB Holding and their global subsidiaries had no transactions or activities requiring disclosure under the Iran Threat Reduction and Syria Human Rights Act (“Iran Act”), nor were they involved in the AXA Group matters described immediately below.

The non-U.S. based subsidiaries of AXA operate in compliance with applicable laws and regulations of the various jurisdictions in which they operate, including applicable international (United Nations and European Union) laws and regulations. While AXA Group companies based and operating outside the United States generally are not subject to U.S. law, as an international group, AXA has in place policies and standards (including the AXA Group International Sanctions Policy) that apply to all AXA Group companies worldwide and often impose requirements that go well beyond local law. For additional information regarding AXA, see Note 1 to the condensed financial statements in Part 1, Item 1.

AXA has informed us that AXA Konzern AG, an AXA insurance subsidiary organized under the laws of Germany, provides car insurance to diplomats based at the Iranian embassy in Berlin, Germany. The total annual premium of

Explanation of Responses:

these policies is approximately \$13,000 and the annual net profit arising from these policies, which is difficult to calculate with precision, is estimated to be \$1,950. These policies were underwritten by a broker who specializes in providing insurance coverage for diplomats. Provision of motor vehicle insurance is mandatory in Germany and cannot be cancelled until the policies expire.

In addition, AXA has informed us that AXA Insurance Ireland, an AXA insurance subsidiary, provides statutorily required car insurance under four separate policies to the Iranian embassy in Dublin, Ireland. AXA has informed us that compliance with the Declined Cases Agreement of the Irish Government prohibits the cancellation of these policies unless another insurer is willing to assume the coverage. The total annual premium for these policies is

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approximately \$6,094 and the annual net profit arising from these policies, which is difficult to calculate with precision, is estimated to be \$914.

Also, AXA has informed us that AXA Sigorta, a subsidiary of AXA organized under the laws of Turkey, provides car insurance coverage for vehicle pools of the Iranian General Consulate and the Iranian embassy in Istanbul, Turkey. Motor liability insurance coverage is mandatory in Turkey and cannot be cancelled unilaterally. The total annual premium in respect of these policies is approximately \$3,150 and the annual net profit, which is difficult to calculate with precision, is estimated to be \$473.

AXA has informed us that AXA Ukraine, an AXA insurance subsidiary, provides car insurance for the Attaché of the Embassy of Iran in Ukraine. Motor liability insurance coverage cannot be cancelled under Ukrainian law. The total annual premium in respect of this policy is approximately \$1,000 and the annual net profit, which is difficult to calculate with precision, is estimated to be \$150.

Lastly, AXA has informed us that AXA France, an AXA insurance subsidiary, has identified a property insurance contract for Bank Sepah in Paris, France. This business commenced in July 2016 for a total annual premium of approximately \$1,400 and the annual net profit arising from this policy, which is difficult to calculate with precision, is estimated to be \$210.

The aggregate annual premium for the above-referenced insurance policies is approximately \$24,644, representing approximately 0.00002% of AXA's 2015 consolidated revenues, which exceed \$100 billion. The related net profit, which is difficult to calculate with precision, is estimated to be \$3,697, representing approximately 0.00005% of AXA's 2015 aggregate net profit.

W.P. Stewart

On December 12, 2013, we acquired W.P. Stewart & Co., Ltd. ("WPS"), an equity investment manager that managed, as of December 12, 2013, approximately \$2.1 billion in U.S., Global, and Europe, Australasia (Australia and New Zealand) and Far East ("EAFE") concentrated growth equity strategies for its clients, primarily in the U.S. and Europe. On the date of the WPS acquisition, each of approximately 4.9 million outstanding shares of WPS common stock (other than certain specified shares, as previously disclosed in Amendment No. 2 to Form S-4 filed by AB on November 8, 2013) was converted into the right to receive \$12.00 per share and one transferable contingent value right ("CVR") entitling the holders to an additional \$4.00 per share cash payment if the Assets Under Management (as such term is defined in the Contingent Value Rights Agreement ("CVR Agreement") dated as of December 12, 2013, a copy of which we filed as Exhibit 4.01 ("Exhibit 4.01") to our December 31, 2013 Form 10-K) in the acquired WPS investment services business exceed \$5 billion on or before December 12, 2016, subject to measurement procedures and limitations set forth in the CVR Agreement. See the definition of AUM Milestone in Exhibit 4.01 for additional information regarding the circumstances that trigger payment pursuant to the CVRs. The foregoing description of the CVR Agreement does not purport to be complete and is qualified in its entirety by the full text of the CVR Agreement.

As of September 30, 2016, the Assets Under Management are approximately \$4.4 billion. Accordingly, management has determined that the AUM Milestone did not occur during the third quarter of 2016.

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Item 6. Exhibits

- 31.1 Certification of Mr. Kraus furnished pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Mr. Weisenseel furnished pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Mr. Kraus furnished for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Mr. 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.
- 99.1 Part I, Items 1 through 4 of the AllianceBernstein L.P. Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.
- 101.INS XBRL Instance Document.
- 101.SCHXBRL Taxonomy Extension Schema.
- 101.CALXBRL Taxonomy Extension Calculation Linkbase.
- 101.LABXBRL Taxonomy Extension Label Linkbase.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 26, 2016 ALLIANCEBERNSTEIN  
HOLDING L.P.

By: /s/ John C. Weisenseel  
John C. Weisenseel  
Chief Financial Officer

By: /s/ Edward J. Farrell  
Edward J. Farrell  
Chief Accounting  
Officer