

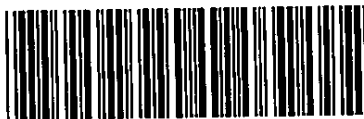
AllianceBernstein Preferred Limited

Directors' report and financial statements

For the year ended 31 December 2012

Registered number: 07095725

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Certified true copy of the original document witnessed on:	
Date:	13 June 2013
By:	
Title:	Company Secretary

Directors' report and financial statements

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Directors and advisers

Directors	L Mangan MR Manley
Company secretary	A Fowler
Registered office	50 Berkeley Street London United Kingdom W1J 8HA
Bankers	HSBC Bank Plc 79 Piccadilly London W1V 0EU
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

Directors' report

For the year ended 31 December 2012

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activities

AllianceBernstein Preferred Limited (the "company") was incorporated under the Companies Act 2006 as a private company limited by shares on 4 December 2009. The company's functional currency is United States Dollars and its principal activity is to act as a holding company for AllianceBernstein Limited and AllianceBernstein (Luxembourg) S a r l.

Business Review

The company will continue to act as the holding company of both AllianceBernstein Limited and AllianceBernstein (Luxembourg) S a r l.

Key Performance Indicators (KPIs)

The directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the company.

Future developments

Currently there are no significant future developments for the company. The company will continue its normal activities for the foreseeable future.

Results and dividends

The company's profit for the year was \$12,538 (year ended 31 December 2011 loss: \$203m).

No dividend was recommended during the year (year ended 31 December 2011: \$246m).

Directors

The directors who held office during the year and up to the date of signing the financial statements are as follows:

L Mangan
NIR Manley

Directors' report *(continued)*

For the year ended 31 December 2012

Directors' insurance

AllianceBernstein LP maintains insurance for the Directors in respect of their duties as directors of the company. This was in force in 2012 and up to the date of signing the financial statements.

Risk management

Market risk

(i) Interest rate risk

The company earns interest on cash balances and is not otherwise exposed to interest rate risk.

(ii) Foreign exchange risk

The company operates internationally and is therefore exposed to foreign exchange risk arising mainly from recognising assets and liabilities in foreign operations.

Credit risk

Credit risk arises from cash deposits with banks and financial institutions. The cash deposits with banks and high-quality financial institutions are a means of minimising credit risk.

Independent auditors

PricewaterhouseCoopers LLP have been appointed as the independent auditors of the company.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Statement of directors' responsibilities *(continued)*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

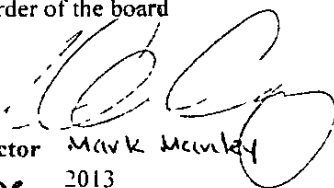
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In the case of each of the persons who are directors at the time when this report is approved, so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken as directors to make themselves aware of any audit information and to establish that the company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s 418 of the Companies Act 2006.

By order of the board


Director Mark Huxley

12 June 2013

Company registered number 07095725

Registered office
50 Berkeley Street
London
United Kingdom
W1J 8HA

Independent auditors' report to the members of AllianceBernstein Preferred Limited

We have audited the financial statements of AllianceBernstein Preferred Limited for the year ended 31st December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditors' report to the members of AllianceBernstein Preferred Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Alex Bertolotti (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

12 June 2013

Profit and loss account
For the year ended 31 December 2012

	Note	2012 \$	2011 \$
Turnover		-	-
Administrative expenses		(24,166)	(22 218)
Other operating income and charges	2	<u>27,115</u>	<u>(20 491)</u>
Operating Profit/(Loss)		2,949	(42 709)
Interest receivable and similar income	3	442	200 714
Dividends received	4	<u>-</u>	<u>43 000 000</u>
Profit on ordinary activities before taxation	5	3,391	43 158 005
Tax on profit on ordinary activities	7	<u>9,147</u>	<u>(27 194)</u>
Profit on ordinary activities after taxation		12,538	43 130 811
Dividends paid	8	<u>-</u>	<u>(246 000 000)</u>
Retained Profit/(Loss) for the financial year		12,538	(202 869 189)
Retained profit brought forward		<u>683 130</u>	<u>203 552,319</u>
Retained profit carried forward		<u>695,668</u>	<u>683 130</u>

There is no difference between the profit for the financial year and total recognised gains and losses

There is no material difference between the results as described in the profit and loss account and the profit on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses for the year is not given.

All the amounts above are in respect of continuing operations.

The notes on pages 9 to 14 form part of these financial statements.

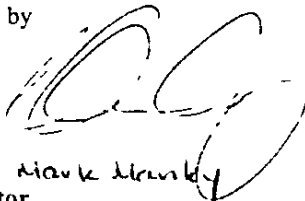
Balance sheet

For the year ended 31 December 2012

	Note	2012	2011
		\$	\$
Fixed assets			
Investments	9	19,512,877	19 512 877
Current assets			
Cash at bank	10	95,807	91 278
Investments	11	101,720	101 607
Debtors	12	564,976	505 021
		<u>762,503</u>	<u>697,906</u>
Creditors' amounts falling due within one year	13	<u>(66,834)</u>	<u>(14 775)</u>
Net current assets		<u>695,669</u>	<u>683 131</u>
Total assets less current liabilities		<u>20,208,546</u>	<u>20 196 008</u>
Net assets		<u>20 208,546</u>	<u>20 196 008</u>
Capital and reserves			
Called up share capital	14	19,512,878	19 512 878
Profit and loss account		<u>695,668</u>	<u>683 130</u>
Total shareholder's funds	15	<u>20,208,546</u>	<u>20 196 008</u>

The notes on pages 9 to 14 form part of these financial statements

These financial statements were approved by the board of directors on 29 May 2013 and were signed on its behalf by



Director

12 June 2013

AllianceBernstein Preferred Limited
 Co Registered number 07095725

Notes to the financial statements for the year ending 31 December 2012

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the year are set out below

Cash flow statement and related party disclosures

The company is exempt from preparing a cash flow statement under Financial Reporting Standard 1 (revised 1996) as it is a wholly owned subsidiary of an entity which prepares consolidated financial statements which are publicly available. The consolidated financial statements of AllianceBernstein L.P., within which the company is included, can be obtained from the address given in Note 18.

The company is also exempt from the requirements of Financial Reporting Standard 8 to disclose related party transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Consolidation Exemption

The financial statements contain information about AllianceBernstein Preferred Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, AllianceBernstein L.P.

Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values of these assets exceed their recoverable amount. The recoverable amount is the greater of net realisable value and value in use, and is determined based on management's assumptions and estimates.

Taxation

The charge for taxation is based on the results for the year ended 31 December 2012 and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Notes to the financial statements for the year ending 31 December 2012

(continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Current asset investments

Current asset investments are stated at fair value, which is determined by reference to official quoted market bid prices at the close of business on the balance sheet date. Any resulting gain or loss is included in "Other operating income and charges" in the profit and loss account.

Financial assets

The company recognises financial assets initially at fair value from the trade date, and continues to recognise them through the profit and loss account until the rights to receive cash flows have expired or the company has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

Indicators of impairment are reviewed for all financial assets at each reporting date. Such indicators include significant financial difficulties or losses in subsidiary undertakings, or significant decline in net assets of subsidiary undertakings. An impairment loss is recognised in the profit and loss account when there is objective evidence that an asset is impaired.

Financial liabilities

The company recognises financial liabilities from the trade date, and continues to recognise them until the liability has been settled, extinguished or has expired.

2	Other operating income and charges	2012	2011
		\$	\$
	Net exchange gain/(loss)	<u>27,115</u>	<u>(20,491)</u>
3	Interest receivable and similar income	2012	2011
		\$	\$
	Interest receivable on loans to group undertaking	-	112,500
	Bank interest receivable	<u>442</u>	<u>88,214</u>
		<u>442</u>	<u>200,714</u>

Notes to the financial statements for the year ending 31 December 2012

(continued)

4 Dividends received	2012	2011
	\$	\$
Dividend received from AllianceBernstein Luxembourg S a r l	<u>-</u>	<u>43 000 000</u>

5 Profit on ordinary activities before taxation	2012	2011
	\$	\$
This is stated after charging		
Auditors' remuneration	<u>24,166</u>	<u>22 218</u>

6 Remuneration of directors

The directors did not receive any emoluments in respect of their services to the company during the financial year (year ended 31 December 2011: \$nil). There were also no employees during the year (year ended 31 December 2011: nil).

7 Tax on profit on ordinary activities

The taxation credit/(charge) for the year is set out below

	2012	2011
	\$	\$
Current Tax:		
Current year	831	41 856
Adjustment in respect of prior years	(9,977)	(14 662)
UK corporation tax on profits for the year	<u>(9,147)</u>	<u>27 194</u>

	2012	2011
	\$	\$
Profit on ordinary activities before corporation tax	<u>3,391</u>	<u>43 158 005</u>
UK corporation tax charge on profits for the year at 24.50% (2011: 26.49%)	831	11 432 556
Effects of disallowable expenditure	-	(11 390 700)
Adjustments in respect of prior years	(9,977)	(14 662)
Total current tax	<u>(9,147)</u>	<u>27 194</u>

The standard rate of corporation tax changed from 26% to 24% with effect from 1 April 2011. Accordingly the company's profits are taxed at an effective rate of 24.50% (year ended 31 December 2011: 26.49%). No deferred tax charge was recognised during the year.

In addition a number of further changes to the UK corporation tax system were announced in the March 2013 UK Budget Statement. A resolution passed by Parliament reduced the main rate of corporation tax to 23% from 1 April 2013. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 is expected to be included in the Finance Act 2013. A further reduction to the main rate is also proposed to reduce the rate to 20% from 1 April 2015. None of these rate reductions had been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

Notes to the financial statements for the year ending 31 December 2012

(continued)

7 Tax on profit on ordinary activities (continued)

In addition a number of further changes to the UK corporation tax system were announced in the March 2013 UK Budget Statement. A resolution passed by Parliament reduced the main rate of corporation tax to 23% from 1 April 2013. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 is expected to be included in the Finance Act 2013. A further reduction to the main rate is also proposed to reduce the rate to 20% from 1 April 2015. None of these rate reductions had been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

8 Dividends paid	2012	2011
	\$	\$
Interim dividend 15 June 2011	-	203 000 000
Interim dividend 16 November 2011	-	43 000 000
	<u>-</u>	<u>246 000 000</u>

9 Fixed asset investments

	2012	2011
	\$	\$
Shares in subsidiary undertakings		
AllianceBernstein Limited - preference shares	15,031,543	15 031 543
AllianceBernstein (Luxembourg) S a r l - preference shares	4,481,334	4 481 334
	<u>19 512,877</u>	<u>19 512 877</u>

AllianceBernstein preference shares confer the right to the company of a fixed cumulative preferential dividend out of the distributable profits at the annual rate equal to seventy three and a half pence per preference share.

AllianceBernstein (Luxembourg) S a r l preference shares confer the right to the company of a fixed cumulative preferential dividend out of the distributable profits at the annual rate equal to seventy three euros and forty one cents per preference share.

Name of subsidiary undertaking	% ownership of issued shares	Country of incorporation	Principal activity
AllianceBernstein Limited	50.05	United Kingdom	Investment management services
AllianceBernstein (Luxembourg) S a r l	20.25	Luxembourg	Administration and management of collective investments

10 Cash at bank	2012	2011
	\$	\$
Cash at bank	<u>95,807</u>	<u>91 278</u>

Notes to the financial statements for the year ending 31 December 2012

(continued)

11 Current asset investments	2012	2011
	\$	\$
Government Short Term Investment Fund	<u>101,720</u>	<u>101,607</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets

During the year the company retained an investment in a government short term investment fund which as described below is categorised as a level 1 investment

Fair values are measured using the following fair value hierarchy

Level 1 reflects financial instruments quoted in the market

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not on observable data

12 Debtors	2012	2011
	\$	\$
Amounts falling due within one year		
Amounts owed by group undertakings	525,767	502,586
Deferred tax asset	39,209	2,435
	<u>564,976</u>	<u>505,021</u>

13 Creditors	2012	2011
	\$	\$
Amounts falling due within one year		
Amounts owed to group undertakings	42,427	-
Accruals and deferred income	24,407	14,775
	<u>66,834</u>	<u>14,775</u>

14 Called up share capital	2012	2011
	\$	\$
Allotted and fully paid		
9,651,995 ordinary shares of £1 each	15,031,544	15,031,544
2,814,900 ordinary shares of £1 each	4,481,334	4,481,334
	<u>19,512,878</u>	<u>19,512,878</u>

15 Reconciliation of movement in shareholder's funds	2012	2011
	\$	\$
At beginning of the year	20,196,008	218,583,863
Net proceeds of issue of ordinary share capital	-	4,481,334
Profit for the financial year	12,538	43,130,811
Dividends	-	(246,000,000)
At end of the year	<u>20,208,546</u>	<u>20,196,008</u>

Notes to the financial statements for the year ending 31 December 2012

(continued)

16 Reserves

	2012	2011
	\$	\$
At beginning of year	683,130	203 552 319
Profit/(Loss) for the financial year	12,538	(202 869 189)
At end of year	<u>695,668</u>	<u>683 130</u>

17 Financial risks

Credit risk

The company does not hold any collateral as security. For the purposes of the company's disclosures regarding credit quality, all financial assets subject to credit risk fall into the category "Financial assets neither past due nor impaired".

Interest rate risk

The only impact on income from interest rate fluctuations is on interest earned on cash balances.

Capital Risk Management

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern,
- to provide returns for shareholders and benefits for other stakeholders,
- to maintain an optimal capital structure to reduce the cost of capital,
- to maintain financial strength to support new business growth, and
- to satisfy the requirements of its clients and regulators.

The board has a dividend payment policy in place which assesses the distributable reserves of the company and its cash flow position in its decision to pay dividends. The company is not subject to any base capital resources requirement.

18 Immediate and ultimate parent company

The company's immediate holding company is AllianceBernstein Holdings (Cayman) Limited, a company established in Cayman Islands. AllianceBernstein L.P. (established in the State of Delaware, USA) is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2012. The consolidated financial statements can be obtained from AllianceBernstein L.P., 1345 Avenue of the Americas, New York, N.Y. USA.

The ultimate holding company and controlling party is AXA S.A., a French holding company for an international group of companies.