

The Profit Sharing Plan for Employees of Alliance Capital Management L.P.

Mix & Monitor

Selecting investments for your Profit Sharing Plan account



Investments offered:

- Are not FDIC Insured • May Lose Value • Are not Bank Guaranteed

This material is provided for informational purposes and should not be construed as investment advice.

Know your investment options

Detailed information on all of the investment options offered through the Plan, including objectives, philosophies, risk levels, and more, can be found on the Human Resources site available through the Alliance Capital Intranet.

- > From the left menu on the Home page, click on Benefits and select Savings Plans/401(k) from the drop down menu
- > Select Profit Sharing Plan/401(k)
- > From the box in the upper right of the page, select Investment Options

On the Investment Options page you can click on the name of any investment option to read an overview. Click on the Fact Sheet or Prospectus links to download Adobe Acrobat files with detailed information.

Selecting funds for your retirement investment portfolio

The Plan lets you decide how to invest your retirement savings. You have a wide range of investments to choose from, and this gives you tremendous flexibility to create a personalized retirement investment portfolio.

To make the process simpler, we'll break it down into three steps, starting at a very basic level and then drilling down to the details.

STEP ONE is about **asset allocation**—how much of your money you put in stocks and bonds, commonly referred to as asset classes. One way to figure this out is by your age: younger equals more stocks which means higher return potential.

STEP TWO is about **diversification**—selecting what types of stocks and bonds, commonly referred to as sub-asset classes make up your investment portfolio “pie”. Having a mix of investments helps to manage risk.

STEP THREE is about **picking individual funds** and filling out each section of your pie. When you get to this step, it's like putting together a simple, color-coded puzzle.

It's important to keep an eye on how your investments are performing over time and rebalance your asset allocation to keep your percentage of stocks and bonds where it needs to be. As you move through different life stages, you may want to make changes to your asset allocation.

Let's look at each step in a little more detail.

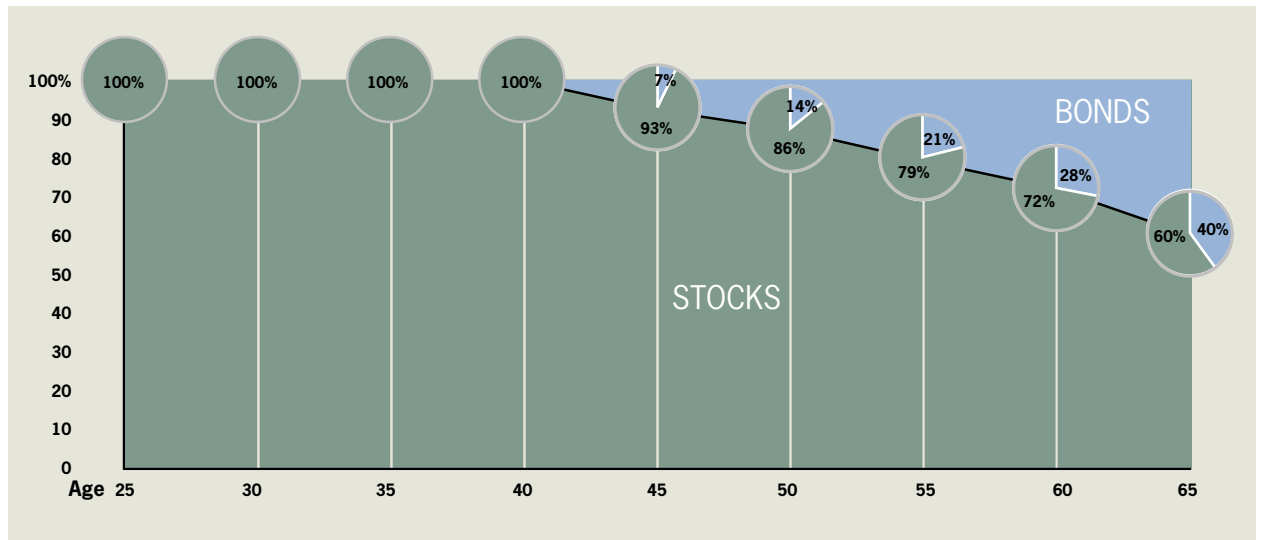
STEP ONE: Align your age and asset allocation

The chart below shows sample asset allocation pies for different ages. This is just to give you an idea of the general relationship between age and the percentage of stocks and bonds in a portfolio. There is no “one-size-fits-all” asset allocation for any age so use these pies as guidelines.

Generally, the younger individuals are, the more stocks they can have in their asset allocation because their primary goal is to accumulate as much money as possible and they have many years to make up for any short-term losses. Historically, stocks have been the way to do that.

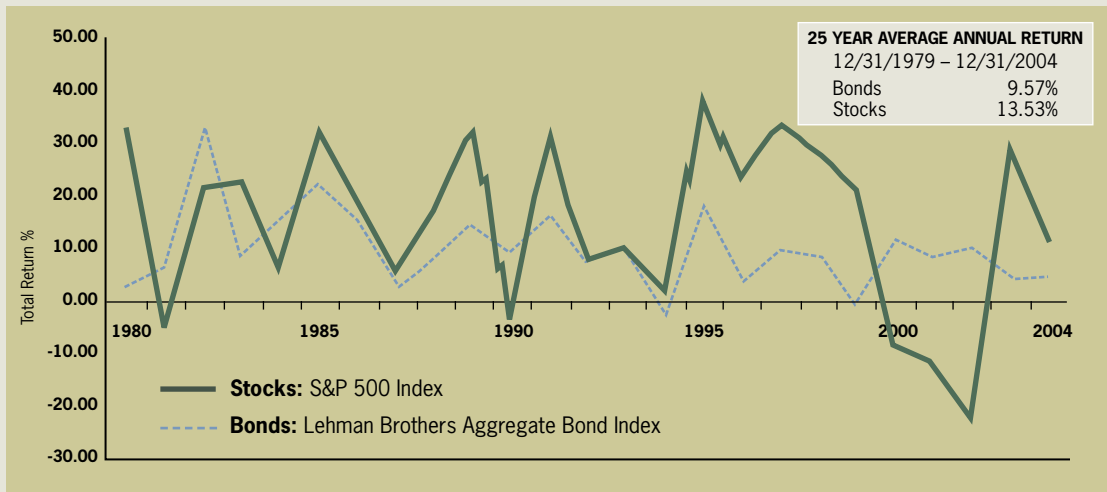
As individuals get closer to retirement, their goals may shift more toward protecting their money. With fewer years to make up for any short-term losses, bonds start to come into the mix since bonds generally tend to be less risky than stocks. Also, bonds and stocks often perform differently—meaning when one is up the other may be down. Adding bonds can help to smooth out some of the ups and downs more common to stocks.

ASSET ALLOCATION CHANGES OVER TIME



The ups and downs of stocks and bonds

Why do the pies on page 2 look the way they do? Well, historically, stocks have provided better investment returns than bonds over long time periods. The flip side is the extra risk. Stock returns are volatile, meaning they tend to have higher highs and lower lows than bonds over shorter time periods. For instance, in the 25 years from 1979–2004, stock returns averaged 13.53% while bonds averaged 9.57%.^{*} But as you can see in the chart below, stocks were more volatile, actually losing money at few points along the timeline. So if you're a retirement investor under age 40 or so, and your goal is to seek high returns, it may make sense to invest in stocks because you have many years to help smooth out those short-term highs and lows. As you get older, it may make sense to add more bonds to reduce some of that volatility.

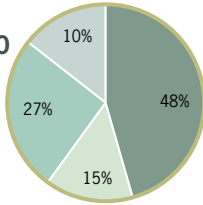


^{*}For illustrative purposes only. This is not meant to predict returns for any fund in the plan. Stocks represented by the S&P 500 Index. Bonds represented by the Lehman Brothers Aggregate Bond Index. Investors cannot directly invest in the indexes.

The green line shows stock returns over a 25-year period. Notice how when stocks are up, they're almost always up more than bonds. And when they're down, they're often down lower than bonds. The longer you stay invested, the less effect these ups and downs have on your overall investment return.

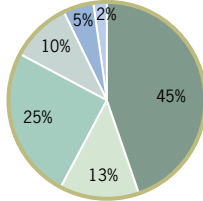
STEP TWO: Diversify your asset allocation

AGE
25-40



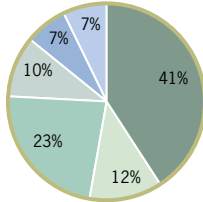
Once you've got your stock and bond pie slices figured out, it's time to diversify. What does that mean? Well, imagine you're starting a car rental business. You need more than just "cars." You need a variety of styles because each style of car has different performance characteristics. So you make sure you've got cars for every category, like compact, standard, luxury, station wagon, minivan, truck—maybe even a sports car or two.

AGE
45



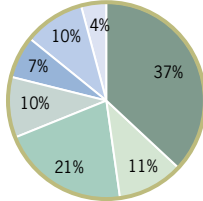
Think of stocks and bonds as general categories like cars or trucks. As with cars, the major asset classes of stocks and bonds have many different styles, or sub-asset classes, and each one has a unique performance potential.

AGE
50



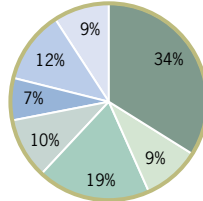
Just as stocks and bonds in general don't perform alike, the sub-asset classes may also behave differently from one another. For example, U.S. Large Cap Growth stocks may be performing well at a time when International stocks may be down, or vice versa. That's why spreading your money across several sub-asset classes can personalize your asset allocation and help to manage risk.

AGE
55

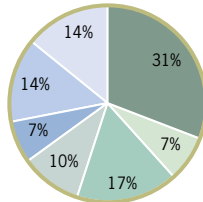


The pie charts to the left show examples of how one might diversify the stock and bond pies into sub-asset classes to fine tune an asset allocation. Again, depending on your particular goals and feelings about risk, you might need a very different allocation than those shown here. And there is no requirement to diversify across all of the sub-asset classes offered by the Plan. The important point is to avoid "putting all your eggs in one basket."

AGE
60



AGE
65



*The sample asset allocations shown in this brochure are for illustrative purposes only and are not meant to be taken as investment advice. Your individual situation may call for a different asset allocation.

Asset classes take turns at the top

Below is a chart that shows how five of the major sub-asset classes have performed relative to one another over different time periods.

The chart is broken into six time periods. For each time period, the asset classes are represented by colored boxes with the annualized return for each noted inside the box. Asset classes with higher returns are at the top of the columns and those with lower returns are at the bottom.

If there was one asset class that always outperformed the others, you'd see one colored box in the same position at the top of every time period. You could just put all of your money into that asset class and be happy. But investing is not that predictable. The fact that the colored boxes jump around shows that from one time period to the next, you just never know which investments are going to do well. Since no one can predict which asset class will perform better at any given time, it makes sense to invest in several. That way, you'll always have some money in the better performers which may help offset the ones lagging behind.

Time period	1984–1988	1989–1990	1991–1994	1995–1999	2000–2002	2003–2004	
Annualized Returns	Higher	International Stocks 43.4%	Large Cap Stocks 11.8%	Small/Mid Cap Stocks 18.4%	Large Cap Stocks 28.1%	Investment Grade Bonds 10.1%	Small/Mid Cap Stocks 31.2%
		Large Cap Stocks 17.1%	Investment Grade Bonds 11.7%	High Yield Bonds 18.3%	Small/Mid Cap Stocks 19.4%	High Yield Bonds – 0.8%	International Stocks 29.1%
		High Yield Bonds 14.9%	Small/Mid Cap Stocks 0.8%	Large Cap Stocks 12.5%	International Stocks 12.8%	Small/Mid Cap Stocks – 4.6%	Large Cap Stocks 20.3%
		Small/Mid Cap Stocks 14.7%	High Yield Bonds – 4.5%	International Stocks 8.9%	High Yield Bonds 9.3%	Large Cap Stocks – 14.2%	High Yield Bonds 19.7%
	Lower	Investment Grade Bonds 11.8%	International Stocks – 8.0%	Investment Grade Bonds 7.3%	Investment Grade Bonds 7.7%	International Stocks – 17.2%	Investment Grade Bonds 4.2%

An investor cannot invest directly in an index, and its performance is not representative of any investment in the Plan. Investment Grade Bonds are represented by the Lehman Aggregate Bond Index, Large Cap Stocks by the Russell 3000 Index, Small/Mid Cap Stocks by the Russell 2500 Index, International Stocks by the MSCI EAFE Index, and High Yield Bonds by the Lehman High Yield Bond Index. Source: Frank Russell, MSCI and Lehman.

STEP THREE: Select your funds

Below is a listing of the funds offered in the Plan. The stock funds and bond funds are divided into sub-asset classes, most of which correspond to the colored pie slices in the charts on the previous pages.

You can select as many or as few funds as you want, from any combination of asset classes. Go to the Human Resources site on the Alliance Capital Intranet to learn about each fund and review the fund's prospectus. Keep in mind that the specific funds you choose within each asset class are less important than making sure you have a variety of sub-asset classes in your portfolio pie.

MONEY MARKET

Federated Prime Obligations Fund

INFLATION PROTECTION

Inflation Protected Bond Account

BONDS

Income & Stability

Federated Prime Obligations Fund

Government Cash Account

Short Duration Plus Portfolio

Inflation Protected Bond Account

Intermediate Duration Institutional Portfolio

U.S. Government Portfolio

Income

Americas Government Income Trust

Global Strategic Income Trust

Total Return


Corporate Bond Portfolio

Emerging Market Debt Fund

High Yield Fund

WEALTH STRATEGIES

 Wealth Appreciation Strategy

 Balanced Wealth Strategy

 Wealth Preservation Strategy

STOCKS

Large Cap Value

Balanced Shares (60% stocks/40% bonds)

Growth & Income Fund

Value Fund

Strategic Value Account

Large Cap Growth

Growth Fund

Large Cap Growth Institutional Fund

Small & Mid Cap Value

Small/Mid Cap Value Fund

Small & Mid Cap Growth

Mid-Cap Growth Fund

Small Cap Growth Fund

International Value

Global Value Fund

International Value Account

International Growth

International Research Growth Fund

Specialty

Blended Style US Large Cap Portfolio

Global Health Care Fund

Global Technology Fund

Real Estate Investment Institutional Fund

Simplifying the process with Wealth Strategies

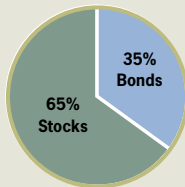
If you'd rather not create your own diversified asset allocation by selecting individual funds, consider one of the three Wealth Strategies pre-mixed portfolios.

The Wealth Strategy asset allocations do not change over time, so you will need to monitor your investments and possibly switch to a different strategy as your goals change, particularly if you start with the Wealth Appreciation Strategy.



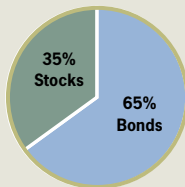
Wealth Appreciation Strategy

A diversified mix of 100% stocks. Designed for investors who are focused on high return potential.



Balanced Wealth Strategy

A diversified mix of 65% stocks and 35% bonds. Designed for investors closer to retirement, or for investors with substantial assets invested outside the Profit Sharing Plan.



Wealth Preservation Strategy

A diversified mix of 35% stocks and 65% bonds. Designed for retirees seeking income and protection against loss of principal, or for investors with substantial assets invested outside the Profit Sharing Plan who are seeking a conservative, income-oriented strategy.

Get started

Once you become familiar with each of the Plan's investment options at the Human Resources site on the Alliance Capital Intranet, it's time to build your portfolio. Here's what you need to do:

IF YOU'RE NOT YET SAVING IN THE PLAN

- > **Enroll in the Plan** by completing the Enrollment and Beneficiary Forms in this kit.
- > **Select a diversified mix of funds** appropriate for your age.
- > **Direct your contributions** into your investment mix.
- > **Monitor your investments** and make changes as needed.

IF YOU'RE ALREADY SAVING IN THE PLAN

- > **Select a diversified mix of funds** appropriate for your age.
- > **Direct your contributions** into your investment mix.
- > **Begin moving your current balances** into your new funds.
- > **Monitor your investments** and make changes as needed.

A WORD ABOUT RISK

While the Funds invest principally in equity or fixed income securities, in order to achieve their investment objectives, the Funds may at times use certain types of investment derivatives, such as options, futures, forwards and swaps. These involve risks different from and, in certain cases, greater than the risks presented by more traditional investments. As each Fund pursues unique investment strategies, the risks associated with investments in each Fund differ. These risks are fully discussed in the prospectuses.

When applying a particular asset allocation model for retirement investing, you should consider your other assets, income and investments (e.g., equity in a home, IRA investments, savings accounts and interests in other qualified and non-qualified plans) in addition to any investments in your Alliance Capital Profit Sharing Plan.

Past performance does not guarantee future results. You should consider the investment objectives, risks, charges, and expenses of any investment options carefully before investing. To obtain a free fund prospectus, which contains this and other information, visit our website at www.alliancebernstein.com or call us at (800) 221-5672. Please read the prospectus carefully before you invest.

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