



BERNSTEIN

XPX Connecticut 2015-2016 Case Study Wealth Management Planning

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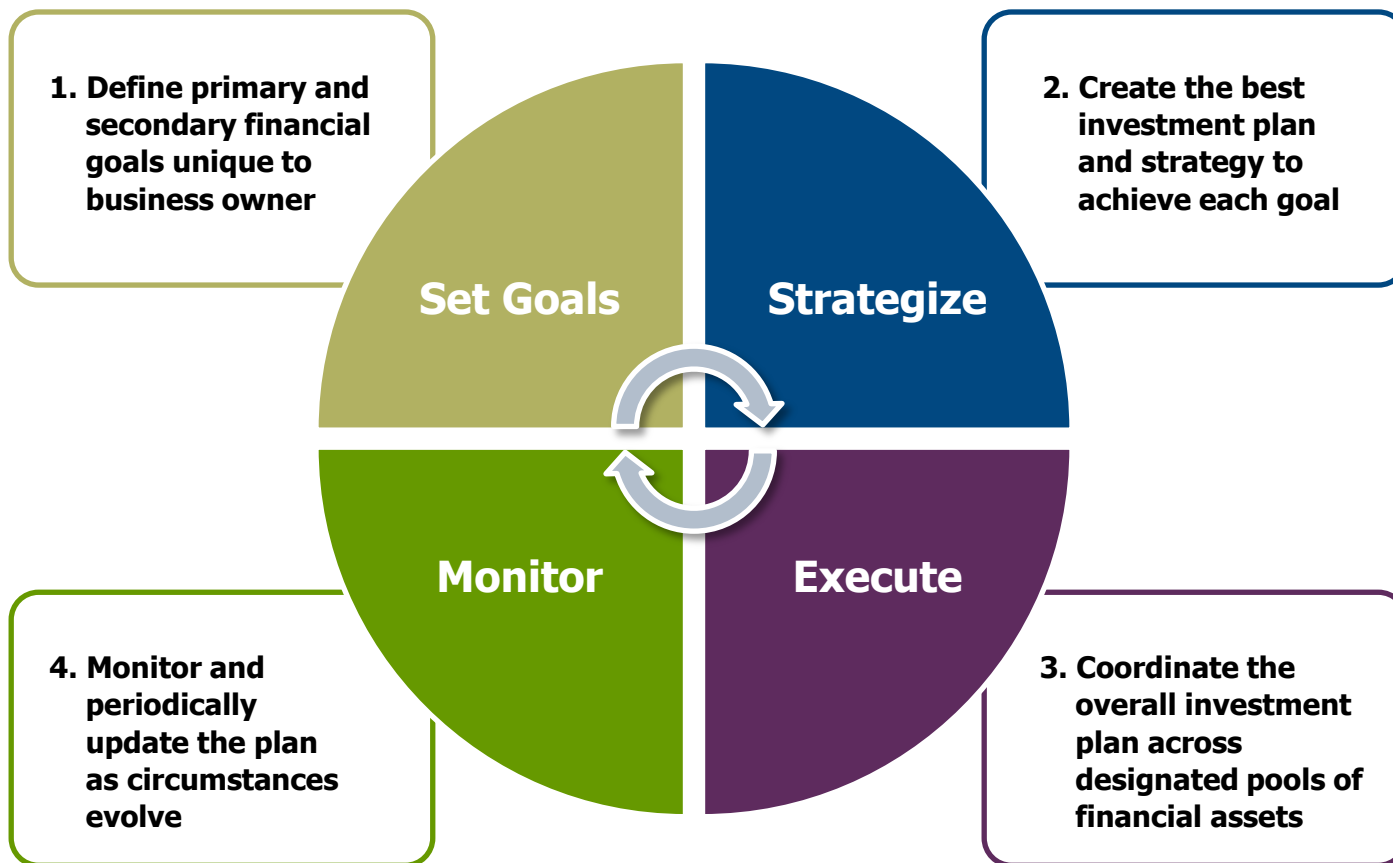
Bernstein's Holistic Approach to Transaction Planning

- Bernstein works in tandem with business owners' other professional advisors
- We analyze the probable impact of different deal structures and post-deal investment scenarios on long-term family wealth
- Preliminary forecast can be completed quickly and with a minimum amount of information: owner's age and approximate deal terms
- Our analysis can give owners confidence to proceed with transactions

Teamwork Among Client's Advisors Is Critical



Our Framework for Helping Business Owners



Case Study

- 67-year-old couple, Robert and Mary, living in Connecticut; they have three children and six grandchildren

- Robert is considering a sale of his manufacturing company, of which he is 100% owner
 - Originally wanted to hand down to son
 - But recently approached by large strategic buyer who wants to acquire company and is willing to pay an above market multiple

- Does not want to consider a private equity investor

- Will retire upon sale of company

- Estimated sale value of approximately 6 times EBITDA, or \$50 million

Based on information supplied by the client. **Bernstein is not a legal, tax or estate advisor. Investors should consult these professionals as appropriate before making any decisions.**

Source: AB

Case Study

- In addition to the business, Robert and Mary have \$2 million in a checking account and own a \$1.5 million home in Cape Cod and a \$3 million home in Florida (they were advised to establish FL residency prior to the business sale).
- Financial Goals:
 - Maintain their current lifestyle and not worry about running out of money
 - Provide a legacy for children and grandchildren
 - Fund grandchildren's college educations
 - Make a sizable donation to the American Cancer Society
 - Purchase a new boat for \$750,000
 - Travel more

Can they achieve all their goals if they sell the business for \$50 million?

Based on information supplied by the client. **Bernstein is not a legal, tax or estate advisor. Investors should consult these professionals as appropriate before making any decisions.**

Source: AB

Offer Received*

Total Expected Offer: \$50 Million Before Tax

All Cash Deal

Certainty

No retained business risk

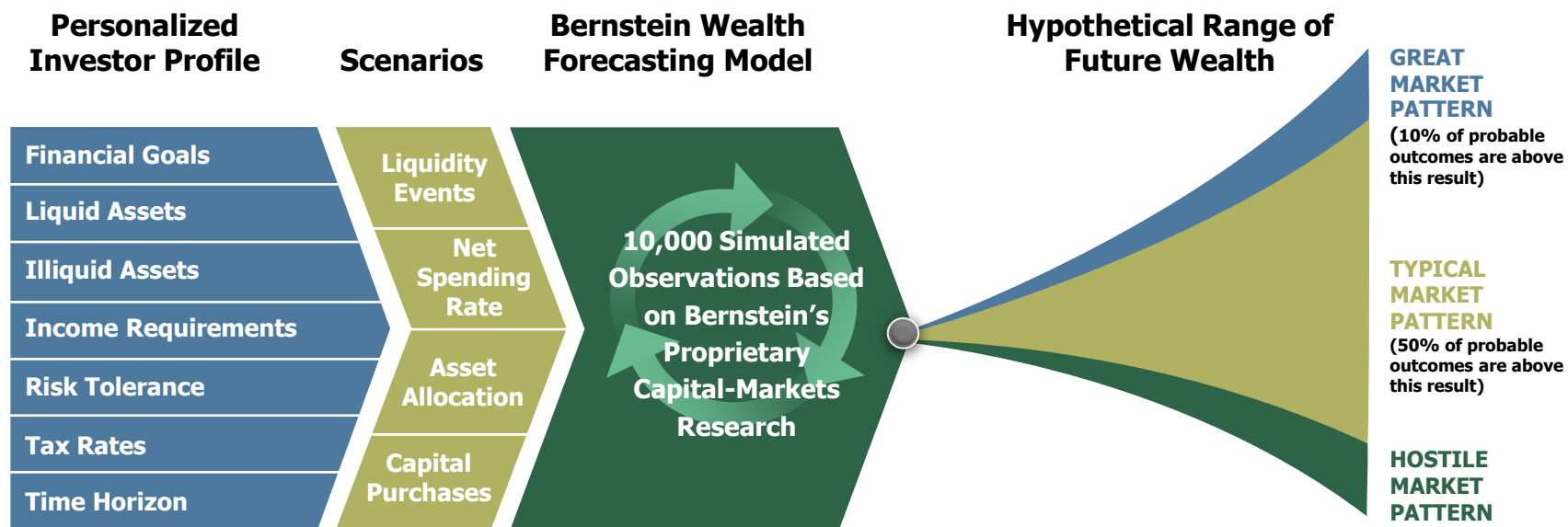
Retire immediately

No influence on ongoing results

How will this deal impact their future family wealth?

*All deals are privately and individually negotiated. Issues of control, risk, debt, equity and cash proceeds will differ. Consult your M&A attorney, investment banker, corporate counsel and other deal-team members for advice in these areas.

Bernstein's Wealth Forecasting SystemSM Is Uniquely Able to Help



- Based on the current capital-markets environment
- Incorporates various account types and planning vehicles
- Predicts likelihood of meeting long-term goals

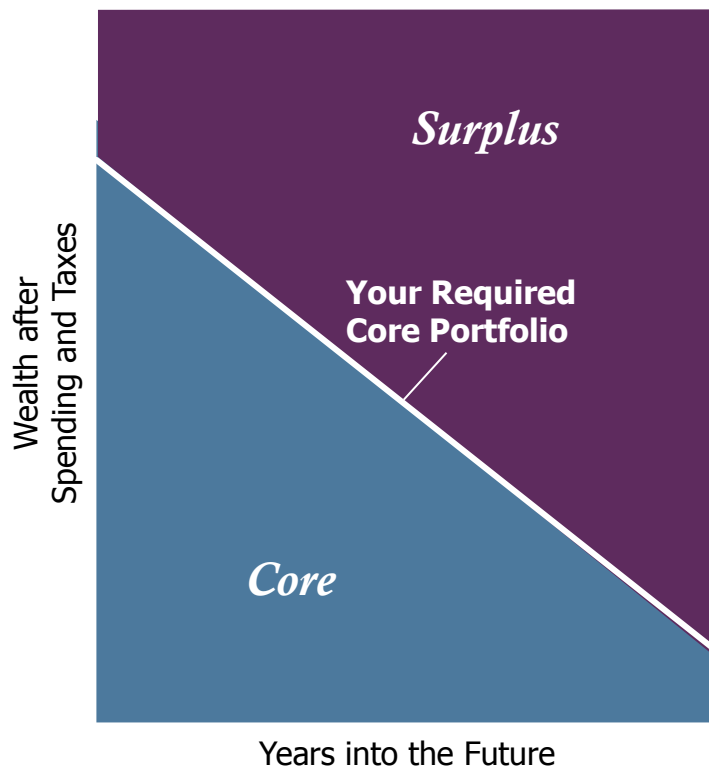
The Wealth Forecasting SystemSM is based upon our proprietary analysis of historical capital-markets data over many decades. We looked at variables such as past returns, volatility, valuations and correlations to forecast a vast range of possible outcomes relating to market asset classes, not Bernstein portfolios. While there is no assurance that any specific outcome suggested by the model will actually come to pass, by quantifying the possibilities of achieving financial goals under changing, and sometimes extreme, capital-markets conditions, the tool should help our clients make better choices. See Notes on Wealth Forecasting System at the end of this presentation for further details.

Source: AB

Core Capital—A Disciplined, Research-Based Framework

Core Capital:

The Amount Needed to Sustain Your Lifestyle



Key Drivers

- Age
- Spending
- Asset allocation

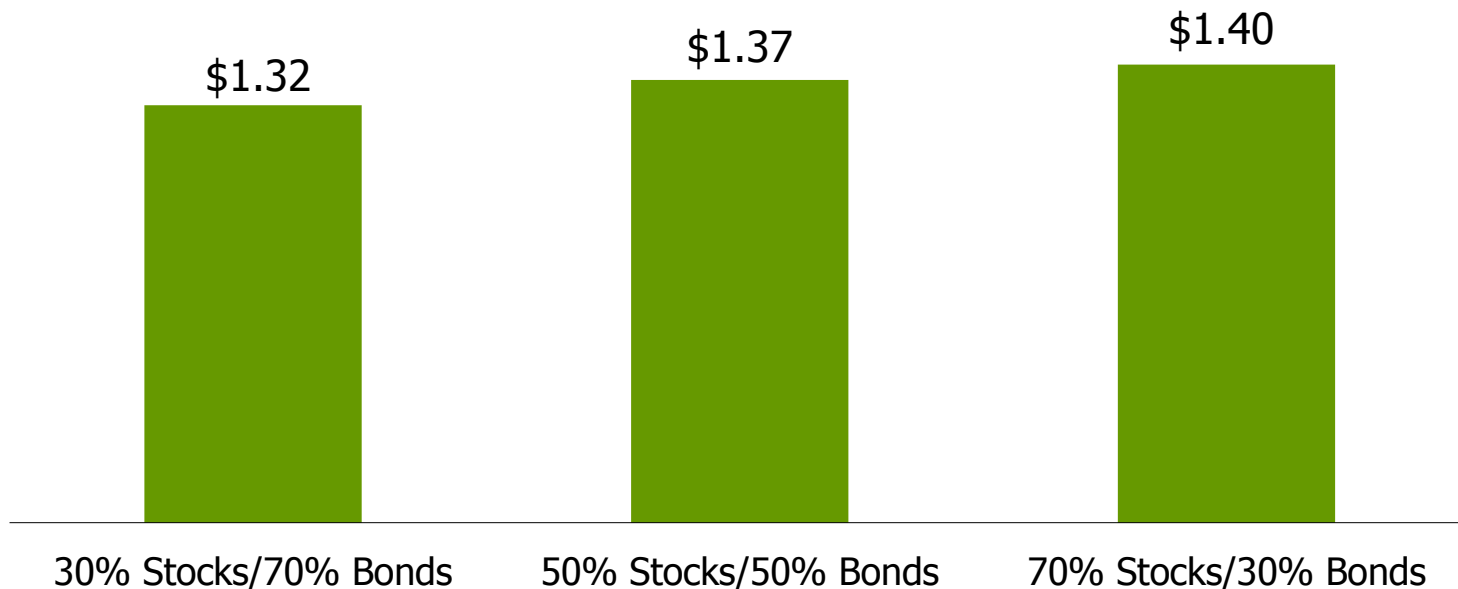
Stress Tested for

- High inflation
- Poor markets
- Long life

How Much Spending Can Various Allocations Support?

(\$Millions)

Sustainable Annual Spending*
After-Taxes, Inflation-Adjusted
Over 30 Years



While the couple had substantial spending capacity, they determined that a \$700,000 spending rate was appropriate

*90% confidence level. Sale assumes zero basis with capital gains tax of 23.8%. Allocations represent risk profiles for portfolios that include inflation-sensitive bonds, real assets and diversified hedge fund allocations weighted accordingly to each risk profile.

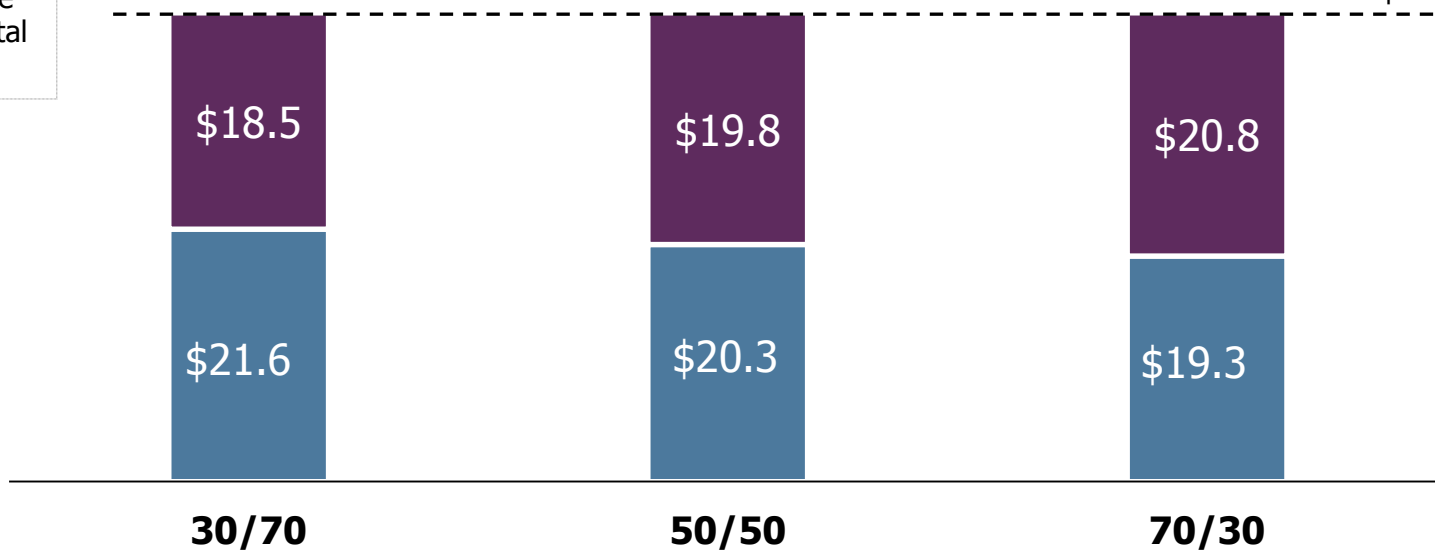
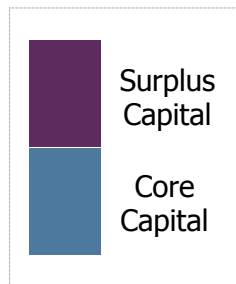
Results based on Bernstein's estimates of the range of returns for the applicable capital markets over the next 30 years. Data does not represent past performance and is not a promise of actual future results. Variations in actual income, spending, applicable tax rates, lifespan and market returns may substantially impact the likelihood that a core capital estimate will be sufficient to provide for future expenses.

See Notes on Wealth Forecasting System at the end of this presentation for further details

How Much Surplus Capital Would They Have?

Required Core Portfolio (\$Millions)*
\$700,000 Annual Spending

Current Assets
= \$40.1MM**



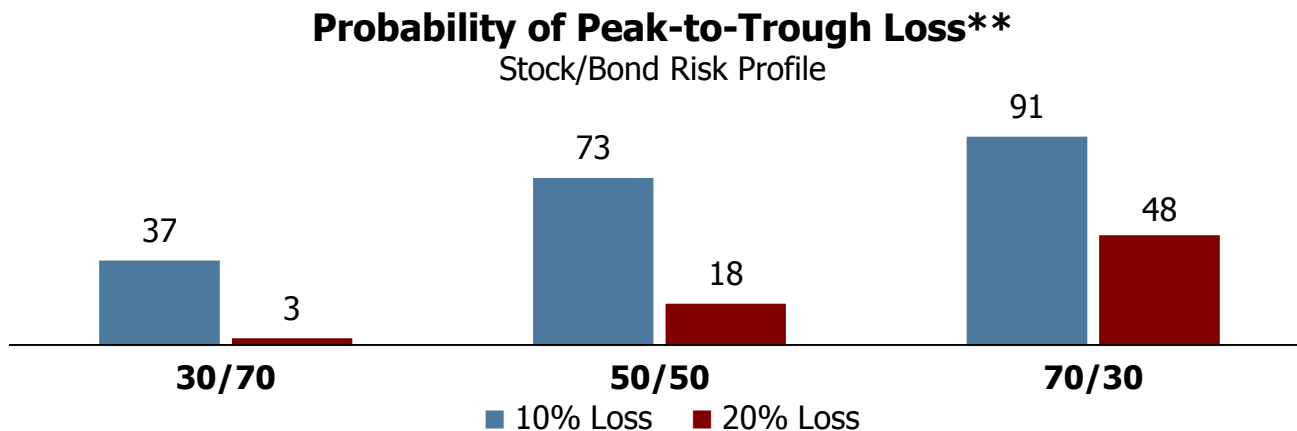
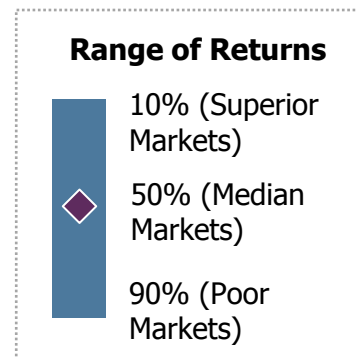
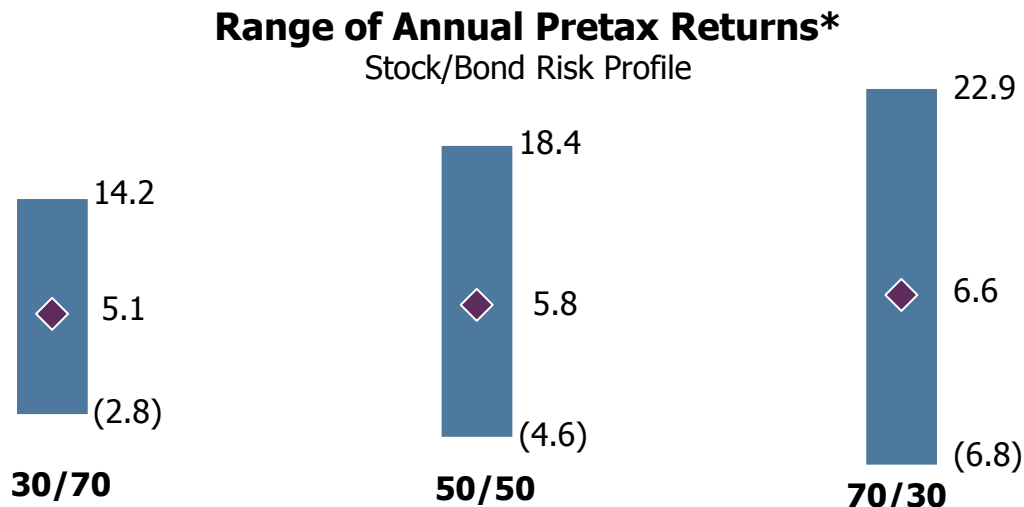
*Joint Life, Confidence Level = 90%. Surplus Capital is capital that can be transferred immediately post-sale and still provide a 90% confidence that the couple can sustain lifetime spending.

**All cash deal assumes \$50 million pre-tax with zero basis with a sale occurring in year 1. Current assets are equal to the after-tax business sale proceeds of approximately \$38.14 million plus \$2 million of cash in checking account. Spending is assumed to increase with inflation each year.

Based on Bernstein's estimates of the range of returns for the applicable capital-markets over the periods analyzed. Data do not represent past performance and are not a promise of actual future results or a range of future results. See Notes on the Wealth Forecasting System in the appendix for further details.

What's the Impact of Seeking Greater Returns?

Percent

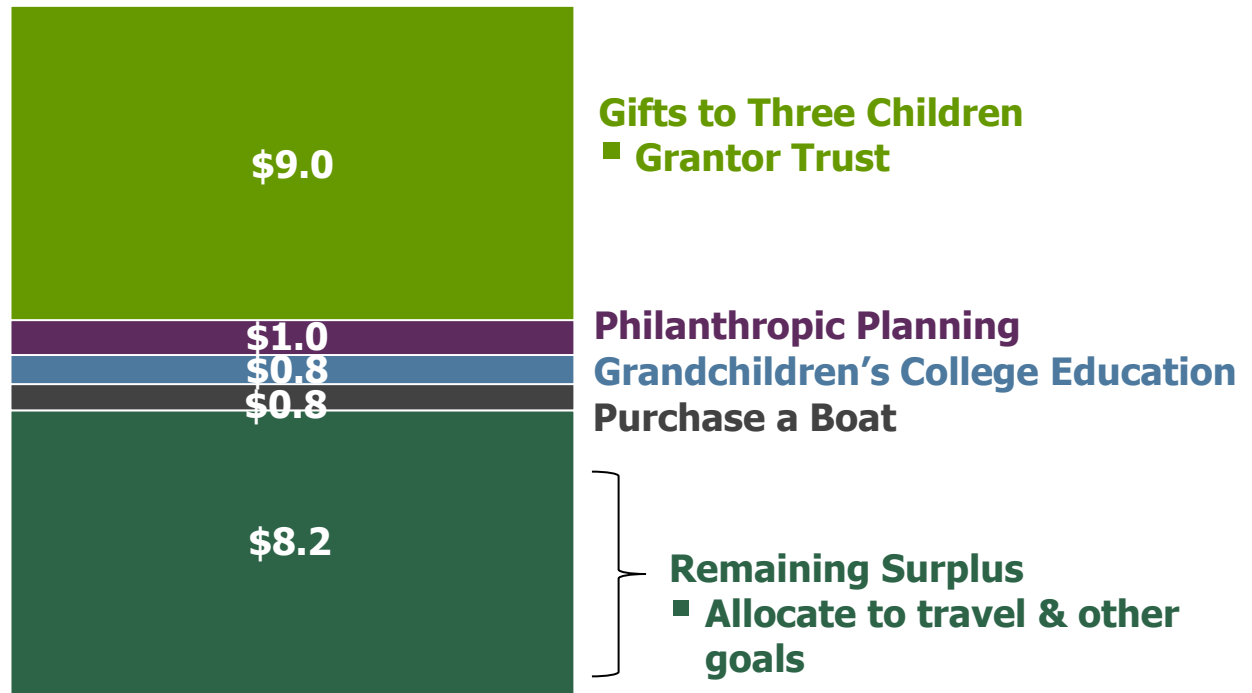


*Data does not represent past performance and is not a promise of actual or range of future results. Allocations represent risk profiles for portfolios that include inflation-sensitive bonds, real assets and diversified hedge fund allocations weighted accordingly to each risk profile.

**Projections indicate the probability of a peak-to-trough decline in pretax, pre-cash-flow cumulative returns of 10% or 20% over the next 30 years. Because the Wealth Forecasting System uses annual capital market returns, the probability of peak-to-trough losses measured on a more frequent basis (such as daily or monthly) may be understated. The probabilities depicted above include an upward adjustment intended to account for the incidence of peak-to-trough losses that do not last an exact number of years. See Notes on Wealth Forecasting System at the end of this presentation for further details.

Budgeting Financial Goals with Surplus Capital

Surplus Capital of \$19.8MM
50/50 Allocation (\$Millions)



Source: AB

College Funding: 529 Plan Results in More Savings

		Value of College Savings After 10 Years	
		Taxable Account	529 Account
	Amount To Be Contributed	Regular Contributions for 5 Years*	Front-Loaded Contributions**
Median value per grandchild	\$140,000	\$179,900	\$228,800
Total for 6 grandchildren	\$840,000	\$1.1 million	\$1.4 million

Better outcome due to tax benefits

*\$28,000 per year for 5 years

**140,000 in the beginning of year one, representing 5 years of annual exclusion gifts for both spouses

The assets are invested in 70% globally diversified equities and 30% fixed income when the child is age 8, and become more oriented toward bonds over time, until reaching 25% globally diversified equities and 75% fixed income at the child's college age. Based on Bernstein's estimates of the range of returns for the applicable capital markets over the next 10 years. See Notes on Wealth Forecasting System for details.

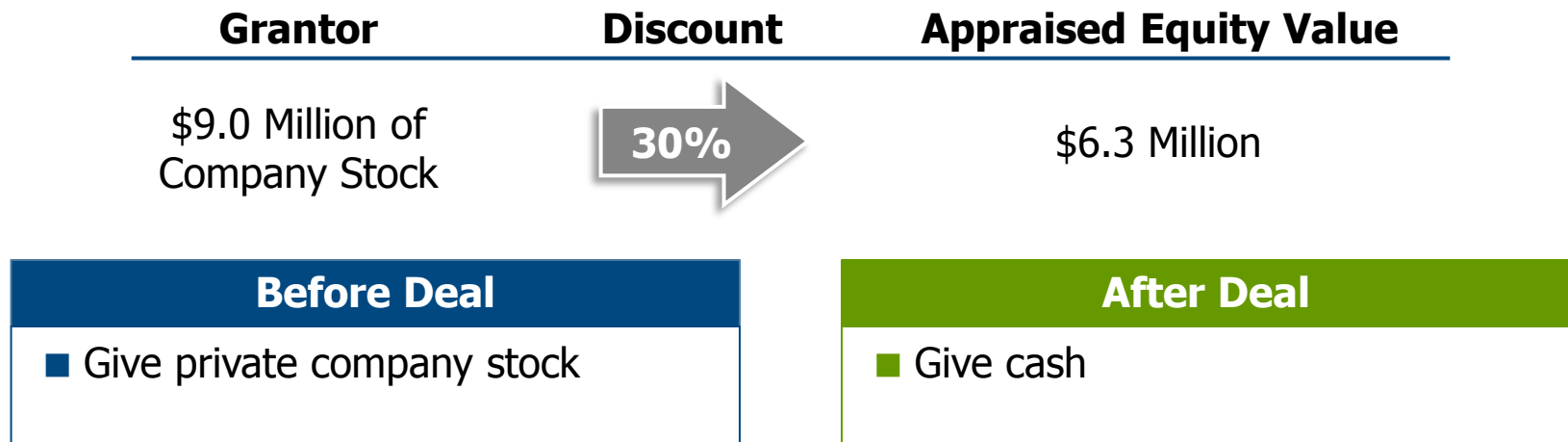
Data do not represent past performance and are not a promise of actual future results or a range of future results.

Source: AB

Opportunities to Transfer Wealth to Children Efficiently

Gifts to an Intentionally Defective Grantor Trust (IDGT)

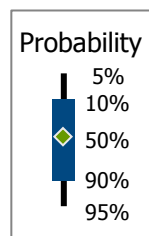
- Trust benefiting children which is excluded from the donor's estate
- All trust income/capital gains are taxable to the donor
- May be able to capitalize on valuation discount for illiquidity and lack of control



Bernstein does not provide tax, valuation or legal advice; please consult professionals in these fields prior to making any decisions regarding strategies modeled in this analysis.

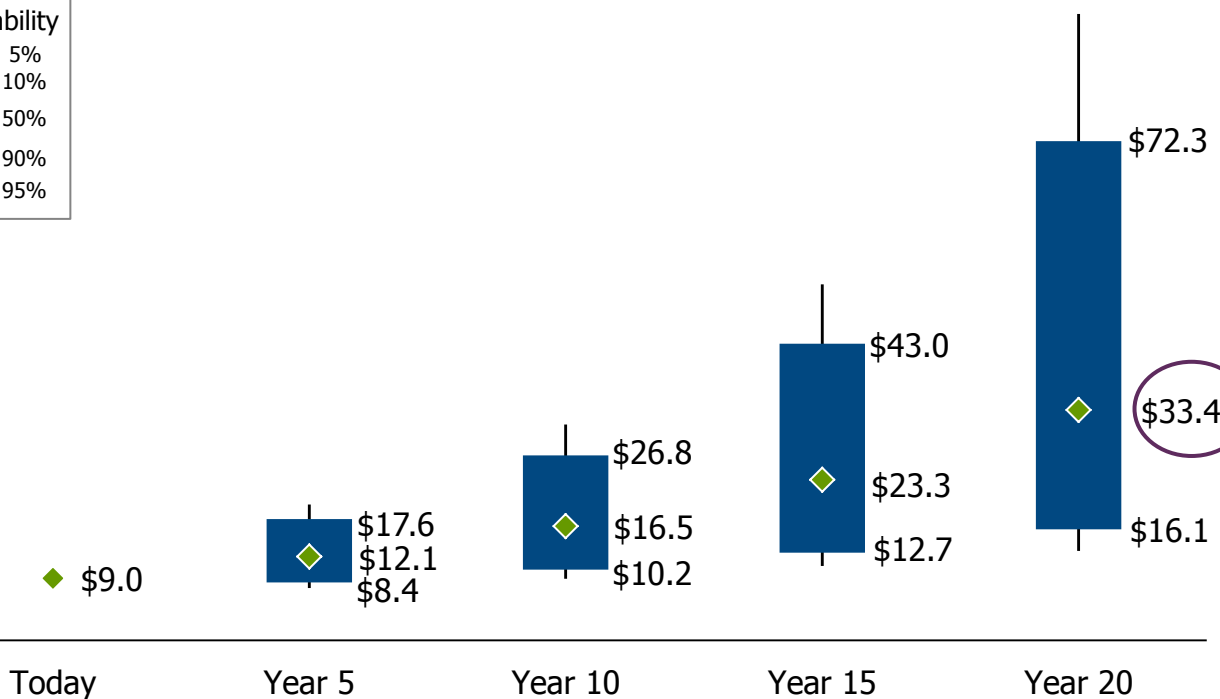
\$9 Million Gift Today Will Grow With Time

Range of Grantor Trust Values* 80/20 Allocation (Nominal, USD Millions)



Trust assets can help children purchase homes, start businesses—or can continue to grow outside of parents' estate

Represents over \$9 million in estate tax savings



*Assumes gift is made to a grantor trust with no distributions over the 20 year period. Allocation is 80% stocks/20% bonds. Stocks modeled as 21% US diversified, 21% US value, 21% US growth, 7% US small/mid-cap, 22.5% developed international and 7.5% emerging markets. Bonds modeled as intermediate-term diversified municipals. If gift were made with cash using \$9 million of combined Applicable Exclusion, median estate tax savings would be approximately \$9 million. If gift were made with private company stock discounted by 30% and using only \$6.3 million of combined Applicable Exclusion, median estate savings would be \$10.84 million. Assumes assets not gifted subject to 40% estate tax.

Based on Bernstein's estimates of the range of returns for the applicable capital markets over the next 20 years. Data do not represent any past performance and are not a promise of actual future results. See Notes on Wealth Forecasting System at the end of this presentation for further details.

Tax Savings Based on Plan Today

■ Fund 529 Plans for six grandchildren

- Saves future income taxes on money invested for college

■ Gift \$9 million to Intentionally Defective Grantor Trust

- Saves \$9 million in future estate tax by year 20

■ Gift \$1,000,000 Cash to Donor Advised Fund

- Donor receives upfront tax deduction to offset income in current year
- Charity gets benefit over time

Continue to pursue strategies that will result in income and estate tax savings

Charitable Gifts Can Reduce Taxes And Achieve Other Goals

Donor Advised Fund

- Charitable income tax deduction today
- Gifts made over years to various charities
- Donating low basis stock prior to deal is beneficial

Foundation

- Charitable income tax deduction today
- Gifts made over years to various charities
- Benefit for donating private company stock not as large as Donor Advised Fund

Charitable Remainder Trust

- Donor contributes to trust and receives payout for life or term
- Upfront tax deduction for present value of charitable remainder
- Works well if low basis assets contributed prior to sale

Insurance Planning

How Bernstein Can Help

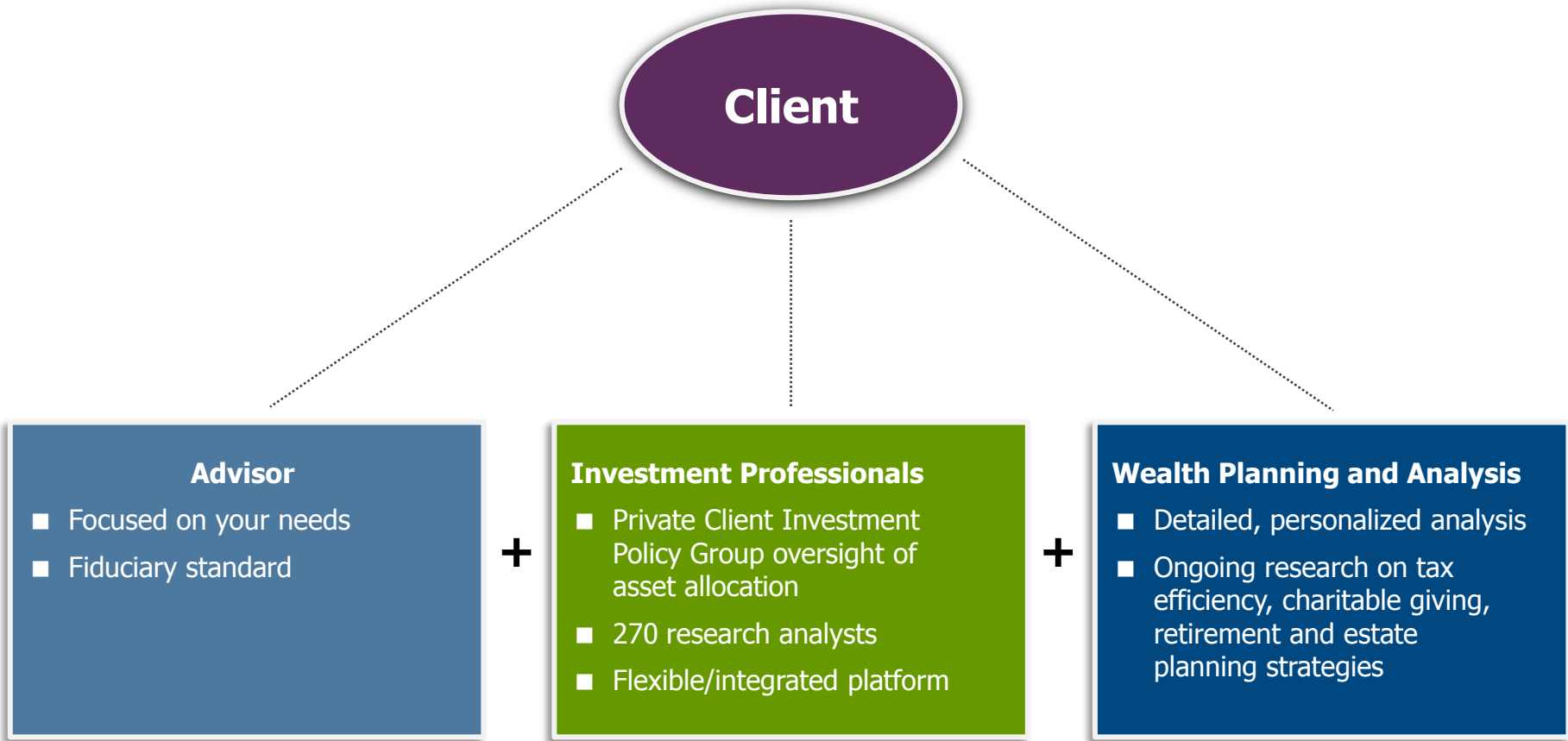
- Bernstein analysis complements deal teamwork and can give business owners comfort and confidence to proceed with the transaction
 - Reduce uncertainty by translating deals into lifestyle benefits
 - Help choose between competing offers
 - Unique ability to model deal terms and personal wealth planning together in an integrated and customized analysis

- Distinctive capability to model simple-to-complex wealth-transfer strategies (pre- or post-transaction)
 - Can help clients better understand the strategies
 - Quantify long-term impact of wealth transfer to heirs or charity, as well as potential estate-tax savings

Appendix

Bernstein: A Culture of Planning and Investment Advice

As your life evolves, our fully integrated team works with you every step of the way



Source: AB

Donor-Advised Funds and Private Foundations

	Donor-Advised Fund	Private Foundation
Operating costs	Low, but sponsor may charge investment and administrative fees ranging from 0.6% to 3%.	High, but declines as assets rise
Tax deductions for contributions Cash Marketable securities Private securities	Deductions limited to: 50% of AGI 30% of AGI Fair market value, at 30% of AGI	Deductions limited to: 30% of AGI 20% of AGI Cost basis, at 20% of AGI
Excise tax	None	1% or 2% of income
Control	Contingent on sponsor	Absolute
Funding	Excess business holdings can be a challenge	Excess business holdings can be a challenge
Annual grants	No minimum or maximum	Required 5% distribution
Anonymity	Achievable if desired	No
Perpetuity	Contingent on sponsor	Yes
Compensation of board members	No	Yes
Legislative risks	Yes	Yes

Source: IRS and AB

Notes on Wealth Forecasting System

1. Purpose and Description of Wealth Forecasting Analysis

Bernstein's Wealth Forecasting Analysis is designed to assist investors in making their long-term investment decisions as to their allocation of investments among categories of financial assets. Our planning tool consists of a four-step process: (1) Client-Profile Input: the client's asset allocation, income, expenses, cash withdrawals, tax rate, risk-tolerance level, goals and other factors; (2) Client Scenarios: in effect, questions the client would like our guidance on, which may touch on issues such as when to retire, what his/her cash-flow stream is likely to be, whether his/her portfolio can beat inflation long-term, and how different asset allocations might impact his/her long-term security; (3) The Capital-Markets Engine: our proprietary model that uses our research and historical data to create a vast range of hypothetical market returns, which takes into account the linkages within and among the capital markets, as well as their unpredictability; and finally (4) A Probability Distribution of Outcomes: based on the assets invested pursuant to the stated asset allocation, 90% of the estimated ranges of probable returns and asset values the client could experience are represented within the range established by the 5th and 95th percentiles on "box-and-whiskers" graphs. However, outcomes outside this range are expected to occur 10% of the time; thus, the range does not guarantee results or establish the boundaries for all outcomes. Estimated market returns on bonds are derived taking into account yield and other criteria. An important assumption is that stocks will, over time, outperform long bonds by a reasonable amount, although this is in no way a certainty. Moreover, actual future results may not meet Bernstein's estimates of the range of market returns, as these results are subject to a variety of economic, market and other variables. Accordingly, the analysis should not be construed as a promise of actual future results, the actual range of future results or the actual probability that these results will be realized. The information provided here is not intended for public use or distribution beyond our private meeting. Of course, no investment strategy or allocation can eliminate risk or guarantee returns.

2. Retirement Vehicles

Each retirement plan is modeled as one of the following vehicles: Traditional IRA, 401(k), 403(b), Keogh, or Roth IRA/401(k). One of the significant differences among these vehicle types is the date at which mandatory distributions commence. For traditional IRA vehicles, mandatory distributions are assumed to commence during the year in which the investor reaches the age of 70.5. For 401(k), 403(b), and Keogh vehicles, mandatory distributions are assumed to commence at the later of (i) the year in which the investor reaches the age of 70.5 or (ii) the year in which the investor retires. In the case of a married couple, these dates are based on the date of birth of the older spouse. The minimum mandatory withdrawal is estimated using the Minimum Distribution Incident al Benefit tables as published on www.irs.gov. For Roth IRA/401(k) vehicles, there are no mandatory distributions. Distributions from Roth IRA/401(k) that exceed principal will be taxed and/or penalized if the distributed assets are less than five years old and the contributor is less than 59.5 years old. All Roth 401(k) plans will be rolled into a Roth IRA plan when the investor turns 59.5 years old to avoid Minimum Distribution requirements

3. Rebalancing

Another important planning assumption is how the asset allocation varies over time. We attempt to model how the portfolio would actually be managed. Cash flows and cash generated from portfolio turnover are used to maintain the selected asset allocation between cash, bonds, stocks, REITs, and hedge funds over the period of the analysis. Where this is not sufficient, an optimization program is run to trade off the mismatch between the actual allocation and targets against the cost of trading to rebalance. In general, the portfolio is expected to be maintained reasonably close to the target allocation. In addition, in later years, there may be contention between the total relationship's allocation and those of the separate portfolios. For example, suppose an investor (in the top marginal federal tax bracket) begins with an asset mix consisting entirely of municipal bonds in his personal portfolio and entirely of stocks in his/her retirement portfolio. If personal assets are spent, the mix between stocks and bonds will diverge from targets. We put primary weight on maintaining the overall allocation near target, which may result in an allocation to taxable bonds in the retirement portfolio as the personal assets decrease in value relative to the retirement portfolio's value.

Notes on Wealth Forecasting System

4. Expenses and Spending Plans (Withdrawals)

All results are generally shown after applicable taxes and after anticipated withdrawals and/or additions, unless otherwise noted. Liquidations may result in realized gains or losses, which will have capital gains tax implications.

5. Modeled Asset Classes

The following assets or indexes were used in this analysis to represent the various model classes:

Asset Class	Modeled as:	Annual Turnover Rate
Cash Equivalents	3-month US Treasury bills	100%
Int.-Term Diversified Municipals	AA-rated diversified municipal bonds of 7-year maturity	30%
Int.-Term Inflation Muni	Long Int.-Term Diversified Muni, Long Int.-Term TIPS and Short Int.-Term Treasury Adjusted for Cost	30%
US Diversified	S&P 500 Index	15%
US Value	S&P/Barra Value Index	15%
US Growth	S&P/Barra Growth Index	15%
US Low Vol Equity	MSCI US Minimum Volatility Index	15%
US Small/Mid-Cap	Russell 2500 Index	15%
High-Risk Intl	Country Fund	15%
Developed International	MSCI EAFE Index (Unhedged)	15%
Emerging Markets	MSCI Emerging Markets Index	20%
Real Assets	1/3 NAREIT, 1/3 MSCI ACWI Commodity Producer Index, 1/3 DJ-UBS Commodity Futures Index	30%
Diversified Hedge Fund Portfolio	Diversified hedge fund asset class	33%

6. Volatility

Volatility is a measure of dispersion of expected returns around the average. The greater the volatility, the more likely it is that returns in any one period will be substantially above or below the expected result. The volatility for each asset class used in this analysis is listed on the Capital-Market Projections page at the end of these Notes. In general, two-thirds of the returns will be within one standard deviation. For example, assuming that stocks are expected to return 8.0% on a compounded basis and the volatility of returns on stocks is 17.0%, in any one year it is likely that two-thirds of the projected returns will be between (8.9)% and 28.8%. With intermediate government bonds, if the expected compound return is assumed to be 5.0% and the volatility is assumed to be 6.0%, two-thirds of the outcomes will typically be between (1.1)% and 11.5%. Bernstein's forecast of volatility is based on historical data and incorporates Bernstein's judgment that the volatility of fixed income assets is different for different time periods.

Notes on Wealth Forecasting System

7. Technical Assumptions

Bernstein's Wealth Forecasting System is based on a number of technical assumptions regarding the future behavior of financial markets. Bernstein's Capital Markets Engine is the module responsible for creating simulations of returns in the capital markets. These simulations are based on inputs that summarize the current condition of the capital markets as of September 30, 2015. Therefore, the first 12-month period of simulated returns represents the period from September 30, 2015 through September 30, 2016 and not necessarily the calendar year of 2015. A description of these technical assumptions is available on request.

8. Tax Implications

Before making any asset allocation decisions, an investor should review with his/her tax advisor the tax liabilities incurred by the different investment alternatives presented herein, including any capital gains that would be incurred as a result of liquidating all or part of his/her portfolio, retirement-plan distributions, investments in municipal or taxable bonds, etc. Bernstein does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

9. Tax Rates

Bernstein's Wealth Forecasting System has used various assumptions for the income tax rates of investors in the case studies. See the assumptions in each case study (including footnotes) for details. The federal income tax rate is Bernstein's estimate of either the top marginal tax bracket or an "average" rate calculated based upon the marginal rate schedule. For 2014 and beyond, the maximum federal tax rate on investment income is 43.4% and the maximum federal long-term capital-gains tax rate is 23.8%. Federal tax rates are blended with applicable state tax rates by including, among other things, federal deductions for state income and capital-gains taxes. The state tax rate generally represents Bernstein's estimate of the top marginal rate, if applicable.

10. Core Capital Analysis

The term "core capital" means the amount of money necessary to cover anticipated lifetime net spending. All non-core capital assets are termed "surplus capital." Bernstein estimates core capital by inputting information supplied by the client, including expected future income and spending, into our Wealth Forecasting System, which simulates a vast range of potential market returns over the client's anticipated life span. From these simulations we develop an estimate of the core capital the client will require to maintain his/her spending level over time. Variations in actual income, spending, applicable tax rates, life span and market returns may substantially impact the likelihood that a core capital estimate will be sufficient to provide for future expenses. Accordingly, the estimate should not be construed as a promise of actual future results, the actual range of results, or the actual probability that the results will be realized.

11. Mortality

In our mortality-adjusted analyses, the life span of an individual varies in each of our 10,000 trials in accordance with mortality tables. To reflect that high-net-worth individuals live longer than average, we subtract three years from each individual's age (e.g., a 65-year-old would be modeled as a 62-year-old). Mortality simulations are based on the Society of Actuaries Retirement Plan Experience Committee Mortality Tables RP-2000.

Notes on Wealth Forecasting System

12. Intentionally Defective Grantor Trusts

The Intentionally Defective Grantor Trust (IDGT) is modeled as an irrevocable trust whose assets are treated as the grantor's for income tax purposes, but not for gift or estate tax purposes. Some income- and transfer-tax consequences associated with transfers to, and the operation of, an IDGT remain uncertain, and the strategy may be subject to challenge by the IRS. Hence, this technique requires substantial guidance from tax and legal advisors. The grantor may give assets to the trust, which will require using gift tax exemptions or exclusions, or paying gift taxes. The IDGT is modeled with one or more current beneficiaries and one or more remainder beneficiaries. Distributions to the current beneficiaries are not required, but the system permits the user to structure annual distributions in a number of different ways, including (1) an amount or a percentage of fiduciary accounting income (FAI) (which may be defined to include some or all realized capital gains); (2) FAI plus some principal, expressed either as a percentage of trust assets or as a dollar amount; (3) An annuity, or fixed dollar amount, which may be increased annually by inflation or by a fixed percentage; (4) A unitrust, or annual payment of a percentage of trust assets, based on the trust's value at the beginning of the year or average over multiple years; or (5) any combination of the above four payout methods. Because the IDGT is modeled as a grantor trust, the system calculates all taxes on income and realized capital gains that occur in the IDGT portfolio each year, based on the grantor's tax rates and other income, and pays them from the grantor's personal portfolio. The IDGT may continue for the duration of the analysis, or the trust assets may be distributed in cash or in kind at a specific point in time or periodically to: (1) a non-modeled recipient, (2) a taxable trust, or (3) a taxable portfolio for someone other than the grantor. If applicable, an installment sale to an IDGT may be modeled as a user-entered initial "seed" gift followed by a sale of additional assets to the trust. The system will use one of two methods to repay the value of the sale assets plus interest (less any user-specified discount to the grantor): (1) user-defined payback schedule or (2) annual interest-only payments at the applicable federal rate (AFR) appropriate for the month of sale and the term of the installment note, with a balloon payment of principal plus any unpaid interest at the end of the specified term.

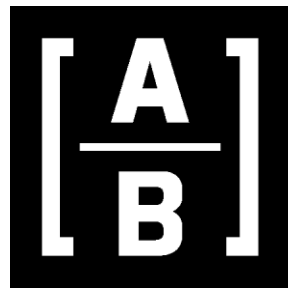
Notes on Wealth Forecasting System

13. Capital Markets Projections

	Median 30-Year Growth Rate	Mean Annual Return	Mean Annual Income	One-Year Volatility	30-Year Annual Equivalent Volatility
Cash Equivalents	2.2%	2.4%	2.4%	0.3%	7.3%
Int.-Term Diversified Municipals	3.3%	3.6%	3.5%	4.2%	7.9%
Int.-Term Inflation Muni	3.0%	3.6%	3.7%	4.0%	14.4%
US Diversified	7.3%	9.0%	3.0%	20.5%	20.2%
US Value	7.6%	9.2%	3.5%	20.0%	19.8%
US Growth	6.9%	9.0%	2.4%	22.8%	21.6%
US Small/Mid-Cap	7.4%	9.6%	2.6%	23.4%	22.6%
Developed International	8.1%	10.3%	3.5%	22.7%	21.2%
US Low Vol Equity	7.3%	8.5%	4.2%	16.7%	17.1%
Emerging Markets	6.3%	10.3%	4.1%	32.8%	29.0%
High-Risk Intl	8.1%	11.3%	2.3%	27.7%	25.4%
Real Assets	6.7%	8.0%	4.0%	16.0%	17.7%
Diversified Hedge Fund Portfolio	6.0%	6.7%	3.3%	11.9%	16.3%
Inflation	2.8%	3.3%	n/a	1.3%	11.6%

Based on 10,000 simulated trials each consisting of 30-year periods. Reflects AllianceBernstein's estimates and the capital-market conditions of September 30, 2015. For hedge fund asset classes, "Mean Annual Income" represents income and short-term capital gains.

Data do not represent past performance and are not a promise or a range of future results.



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