

# Blackstone

## Blackstone Reports Second Quarter Results

**New York, July 18, 2013:** Blackstone (NYSE: BX) today reported its second quarter 2013 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “In the second quarter, Blackstone doubled revenues and tripled earnings compared to a year ago, as good returns in every one of our businesses drove higher performance fees. Robust realizations allowed us to generate significant returns for our fund investors and higher distributable earnings for our unitholders. These past three quarters have been the highest in distributable earnings since Blackstone went public six years ago.”

Blackstone issued a full detailed presentation of its second quarter 2013 results which can be viewed at [www.Blackstone.com](http://www.Blackstone.com).

### **Distribution**

Blackstone has declared a quarterly distribution of \$0.23 per common unit to record holders of common units at the close of business on July 29, 2013. This distribution will be paid on August 5, 2013.

### **Quarterly Investor Call Details**

Blackstone will host a conference call on July 18, 2013 at 11:00 a.m. ET to discuss second quarter 2013 results. The conference call can be accessed via the Unit Holders section of Blackstone’s website at <http://ir.blackstone.com/events.cfm> or by dialing +1 (877) 391-6747 (U.S. domestic) or +1 (617) 597-9291 (international), pass code 149 943 55#. For those unable to listen to the live broadcast, a replay will be available following the call at <http://ir.blackstone.com/events.cfm> or by dialing +1 (888) 286-8010 (U.S. domestic) or +1 (617) 801-6888 (international), pass code 549 235 64#.

### **About Blackstone**

Blackstone (NYSE: BX) is one of the world’s leading investment and advisory firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, the companies we advise and the broader global economy. We do this through the commitment of our extraordinary people and flexible capital. Our alternative asset management businesses include the management of private equity funds, real estate funds, hedge fund solutions, credit-focused funds and closed-end funds. Blackstone also provides various financial

advisory services, including financial and strategic advisory, restructuring and reorganization advisory and fund placement services. Further information is available at [www.Blackstone.com](http://www.Blackstone.com). Follow us on Twitter @Blackstone.

### **Forward-Looking Statements**

This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

This release does not constitute an offer of any Blackstone Fund.

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# Blackstone's Second Quarter 2013 Earnings

July 18, 2013

## Blackstone's Second Quarter 2013 Highlights

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- ▶ Economic Net Income (“ENI”) more than tripled to \$703 million for the quarter, or \$0.62 per unit, up from \$212 million, or \$0.19 per unit in last year’s second quarter.
  - Results were driven by strong fund performance, which led to an over five-fold increase in Total Performance Fees.
- ▶ Distributable Earnings (“DE”) increased 73% year-over-year to \$338 million, or \$0.28 per common unit, compared with \$195 million, or \$0.17 per common unit, in the year ago quarter.
  - Fund activity generated \$258 million of Realized Performance Fees, up almost four times from \$68 million in second quarter 2012, bringing the year-to-date amount to \$577 million, up almost seven times from \$86 million in the comparable period last year.
- ▶ GAAP Net Income was \$211 million for the quarter, net of certain non-cash IPO and transaction related expenses and exclusive of net income attributable to non-controlling interests, mainly inside ownership.
- ▶ Total AUM reached a record \$230 billion, up 21% year-over-year with double-digit increases across all investment businesses, through a combination of strong inflows and carrying value appreciation.
  - Gross inflows totaled \$14 billion in the second quarter and \$42 billion over the last twelve months, including \$40 billion, or 94%, from purely organic growth into new funds, products and strategies.
  - Blackstone’s funds returned \$28 billion<sup>(a)</sup> of capital to investors over the last twelve months.
- ▶ Blackstone declared a second quarter distribution of \$0.23 per common unit payable on August 5, 2013, bringing the year-to-date distribution to \$0.53 per common unit.
  - The definition of DE has been modified to exclude equity-based compensation expense, which will result in an increase to both DE and distributions beginning this quarter<sup>(b)</sup>.
- ▶ Announced agreement to acquire Strategic Partners, the secondary alternatives business of Credit Suisse, with \$10 billion of AUM, which is expected to close in the third quarter.

(a) See Appendix - Total Assets Under Management Flows - LTM Total AUM Rollforward.

(b) All prior periods have been recast to reflect this change retroactively. The impact for 2Q'13 is \$11 million or \$0.01 per common unit.

## Blackstone's Second Quarter 2013 Earnings

(Dollars in Thousands, Except per Unit Data)	2Q'12	2Q'13	% Change vs. 2Q'12	YTD'12	YTD'13	% Change vs. YTD'12
Fee Revenues	\$ 525,759	\$ 616,515	17%	\$ 1,030,670	\$ 1,137,398	10%
Performance Fees	134,837	719,219	433%	520,593	1,323,218	154%
Investment Income (Loss)	(16,264)	97,119	n/m	67,142	231,890	245%
<b>Total Revenues</b>	<b>\$ 644,332</b>	<b>\$ 1,432,853</b>	<b>122%</b>	<b>\$ 1,618,405</b>	<b>\$ 2,692,506</b>	<b>66%</b>
Total Expenses	422,615	713,461	69%	896,420	1,334,777	49%
Taxes	9,368	16,152	72%	18,419	26,183	42%
<b>Economic Net Income ("ENI")</b>	<b>\$ 212,349</b>	<b>\$ 703,240</b>	<b>231%</b>	<b>\$ 703,566</b>	<b>\$ 1,331,546</b>	<b>89%</b>
<i>ENI per Unit<sup>(a)</sup></i>	<i>\$ 0.19</i>	<i>\$ 0.62</i>	<i>226%</i>	<i>\$ 0.63</i>	<i>\$ 1.17</i>	<i>86%</i>
GAAP Net Income (Loss)	\$ (74,964)	\$ 211,148	n/m	\$ (16,639)	\$ 378,783	n/m
Fee Related Earnings ("FRE")	\$ 145,729	\$ 168,434	16%	\$ 292,657	\$ 306,167	5%
<b>Distributable Earnings ("DE")</b>	<b>\$ 195,213</b>	<b>\$ 338,485</b>	<b>73%</b>	<b>\$ 365,180</b>	<b>\$ 729,397</b>	<b>100%</b>
<i>DE per Common Unit<sup>(b)</sup></i>	<i>\$ 0.17</i>	<i>\$ 0.28</i>	<i>65%</i>	<i>\$ 0.32</i>	<i>\$ 0.62</i>	<i>94%</i>
Total Assets Under Management	\$190,267,831	\$229,571,741	21%	\$190,267,831	\$229,571,741	21%
Fee-Earning Assets Under Management	\$157,646,521	\$176,338,947	12%	\$157,646,521	\$176,338,947	12%

n/m Not meaningful.

(a) ENI per Unit is based on the Weighted-Average ENI Adjusted Units.

(b) DE per Common Unit equals DE Attributable to Common Unitholders divided by Total Common Units Outstanding.

## Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

	2Q'13		YTD'13		Fee Earnings	Distributable Earnings	Economic Net Income
	Results	Per Unit <sup>(a)</sup>	Results	Per Unit <sup>(a)</sup>			
▶ Base Management Fees	\$ 425,674		\$ 834,421				
▶ Advisory Fees	120,734		187,754				
▶ Transaction and Other Fees, Net	66,464		104,438				
▶ Management Fee Offsets	(10,535)		(20,197)				
▶ Interest Income and Other Revenue	(7,274)		7,801				
▶ Compensation	(306,477)		(573,454)				
▶ Other Operating Expenses	(120,152)		(234,596)				
<b>Fee Related Earnings</b>	<b>\$ 168,434</b>	<b>\$ 0.15</b>	<b>\$ 306,167</b>	<b>\$ 0.27</b>			
▶ Net Realized Incentive Fees	39,853		54,072				
▶ Net Realized Carried Interest	107,378		312,111				
▶ Net Realized Investment Income	56,055		90,345				
▶ Taxes and Related Payables	(44,220)		(56,368)				
▶ Equity-Based Compensation	10,985		23,070				
<b>Distributable Earnings</b>	<b>\$ 338,485</b>	<b>\$ 0.28</b>	<b>\$ 729,397</b>	<b>\$ 0.62</b>			
▶ Net Unrealized Incentive Fees	1,274		64,551				
▶ Net Unrealized Carried Interest	283,882		365,757				
▶ Net Unrealized Investment Income	62,516		164,726				
▶ Add Back: Related Payables	28,068		30,185				
▶ Less: Equity-Based Compensation	(10,985)		(23,070)				
<b>Economic Net Income</b>	<b>\$ 703,240</b>	<b>\$ 0.62</b>	<b>\$ 1,331,546</b>	<b>\$ 1.17</b>			

See Appendix – Walkdown of Financial Metrics – Calculation of Certain Non-GAAP Financial Metric Components for the calculation of the amounts presented herein that are not the respective captions from the Total Segment information.

(a) Fee Related Earnings per Unit is based on DE Units Outstanding; DE per Unit equals DE per Common Unit; and ENI per Unit is based on Weighted-Average ENI Adjusted Units. (See Appendix - Unit Rollforward.) YTD'13 Fee Related Earnings per Unit and DE per Unit amounts equal the sum of the respective per unit amounts for 2013.

## Summary Walkdown of GAAP to Non-GAAP Financial Metrics

(Dollars in Millions)

	<u>2Q'13</u>	<u>YTD'13</u>
<b>GAAP</b>		
	<b>Income Before Provision for Taxes</b>	<b>\$567</b>
	+ IPO and Acquisition-Related Charges	
	– Impact of Consolidated Funds	
<b>Economic Income “EI”</b>	<b>= Economic Income</b>	<b>\$719</b>
	– Net Performance Fees	
	– Fund Investment Income	
<b>Fee Related Earnings “FRE”</b>	<b>= Fee Related Earnings</b>	<b>\$168</b>
	+ Net Realized Performance Fees	
	+ Realized Investment Income	
	– Taxes and Related Payables	
	+ Equity-Based Compensation	
<b>Distributable Earnings “DE”</b>	<b>= Distributable Earnings</b>	<b>\$338</b>
	+ Interest, Taxes and Depreciation and Amortization	
<b>Adjusted EBITDA</b>	<b>= Adjusted EBITDA</b>	<b>\$418</b>
	<b>\$856</b>	

See Appendix – Reconciliation of GAAP to Non-GAAP Measures for details.

## Private Equity

- ▶ Economic Income for the quarter was up substantially year-over-year driven primarily by strong investment performance across the funds, resulting in increased Performance Fees and Investment Income.
- ▶ Overall carrying value of portfolio assets<sup>(a)</sup> appreciated 5.4% during the quarter and 13.3% year-to-date, driven by private investments in the hospitality/leisure and energy sectors and public holdings.
- ▶ Realization activity was robust with \$1.6 billion during the quarter and \$3.6 billion year-to-date.
  - Second quarter activity included secondary sales in Nielsen, PBF Energy and Travelport at an average 2.6x multiple of investment<sup>(b)</sup>.
  - Completed the IPO of SeaWorld, resulting in a quarter end valuation of 3.0x multiple of investment<sup>(b)</sup>.
- ▶ Invested and/or committed \$1.6 billion of total capital for the quarter and \$1.9 billion year-to-date.
- ▶ Raised an additional \$324 million of commitments for the tactical opportunities investment vehicles during the quarter, increasing total capital commitments for this strategy to \$3.0 billion.
- ▶ Announced agreement to acquire Strategic Partners, the secondary alternatives business of Credit Suisse, with \$10 billion of AUM, which is expected to close in the third quarter.

(Dollars in Thousands)	2Q'12	2Q'13	% Change vs. 2Q'12	YTD'12	YTD'13	% Change vs. YTD'12
Fee Revenues	\$ 105,430	\$ 126,636	20%	\$ 207,739	\$ 240,263	16%
Performance Fees	(59,112)	186,825	n/m	(21,128)	242,763	n/m
Investment Income (Loss)	(34,532)	42,674	n/m	(4,152)	98,547	n/m
<b>Total Revenues</b>	<b>11,786</b>	<b>356,135</b>	<b>n/m</b>	<b>182,459</b>	<b>581,573</b>	<b>219%</b>
Compensation	53,775	63,747	19%	106,322	123,950	17%
Performance Fee Compensation	(7,455)	88,988	n/m	(8,187)	121,853	n/m
Other Operating Expenses	30,521	32,178	5%	59,402	61,346	3%
<b>Total Expenses</b>	<b>76,841</b>	<b>184,913</b>	<b>141%</b>	<b>157,537</b>	<b>307,149</b>	<b>95%</b>
<b>Economic Income (Loss)</b>	<b>\$ (65,055)</b>	<b>\$ 171,222</b>	<b>n/m</b>	<b>\$ 24,922</b>	<b>\$ 274,424</b>	<b>n/m</b>
Total AUM	\$ 46,633,552	\$ 53,287,294	14%	\$ 46,633,552	\$ 53,287,294	14%
Fee-Earning AUM	\$ 37,159,452	\$ 36,635,224	(1)%	\$ 37,159,452	\$ 36,635,224	(1)%

**13.3%**  
YTD'13 increase in fund carrying value<sup>(a)</sup>

**\$187 million**  
2Q'13 Total Performance Fees

**\$633 million**  
Net Accrued Performance Fees at 2Q'13

(a) Core Private Equity portfolio (BCP, BCOM and BEP), Tactical Opportunities and Other Funds (including fee-paying co-investment funds).

(b) Represents the gross Multiple of Invested Capital ("MOIC").



## Real Estate

- ▶ Economic Income for the quarter increased 88% to \$371 million driven by strong fund performance.
- ▶ Overall carrying value of BREP investments<sup>(a)</sup> appreciated 5.7% for the quarter and 11.9% year-to-date, driven by continued positive real estate operating fundamentals across the office, hospitality and retail portfolios.
- ▶ Debt Strategies drawdown funds<sup>(b)</sup> appreciated 3.8% for the quarter and 6.4% year-to-date, while the real estate hedge funds depreciated 0.4% for the quarter and appreciated 3.7% year-to-date.
- ▶ Realization activity remained strong with \$2.1 billion during the quarter and \$3.0 billion year-to-date.
  - Realized Performance Fees totaled \$175 million in the quarter compared to \$21 million a year ago.
- ▶ Invested \$2.3 billion of total capital with an additional \$2.1 billion committed but not yet invested at quarter end, bringing year-to-date total capital invested plus quarter end commitments to \$5.6 billion.
- ▶ Initial closing for the latest debt strategies drawdown fund with \$2.0 billion of total commitments; additional closing in July brings total available capital for this strategy to \$3.5 billion.
- ▶ Blackstone's first ever Asian real estate fund held its initial closing in June with \$1.5 billion of total commitments.
- ▶ Blackstone Mortgage Trust, Inc. ("BXMT") completed a secondary offering on May 22, 2013, raising \$660 million.

(Dollars in Thousands)	2Q'12	2Q'13	% Change vs. 2Q'12	YTD'12	YTD'13	% Change vs. YTD'12
Fee Revenues	\$ 150,298	\$ 153,823	2%	\$ 305,728	\$ 298,188	(2)%
Performance Fees <sup>(c)</sup>	164,289	402,276	145%	402,319	756,617	88%
Investment Income	24,011	49,213	105%	57,735	119,050	106%
<b>Total Revenues</b>	<b>338,598</b>	<b>605,312</b>	<b>79%</b>	<b>765,782</b>	<b>1,173,855</b>	<b>53%</b>
Compensation	76,576	73,792	(4)%	145,465	143,251	(2)%
Performance Fee Compensation	38,320	133,013	247%	100,442	250,691	150%
Other Operating Expenses	26,560	27,617	4%	55,484	56,079	1%
<b>Total Expenses</b>	<b>141,456</b>	<b>234,422</b>	<b>66%</b>	<b>301,391</b>	<b>450,021</b>	<b>49%</b>
<b>Economic Income</b>	<b>\$ 197,142</b>	<b>\$ 370,890</b>	<b>88%</b>	<b>\$ 464,391</b>	<b>\$ 723,834</b>	<b>56%</b>
Total AUM	\$ 50,225,950	\$ 63,919,906	27%	\$ 50,225,950	\$ 63,919,906	27%
Fee-Earning AUM	\$ 38,476,123	\$ 43,635,493	13%	\$ 38,476,123	\$ 43,635,493	13%

11.9%

YTD'13 increase in fund carrying value<sup>(a)</sup>

\$402 million

2Q'13 Total Performance Fees

\$1.6 billion

Net Accrued Performance Fees at 2Q'13

(a) Blackstone Real Estate Partners ("BREP") portfolio (including fee-paying co-investment funds).

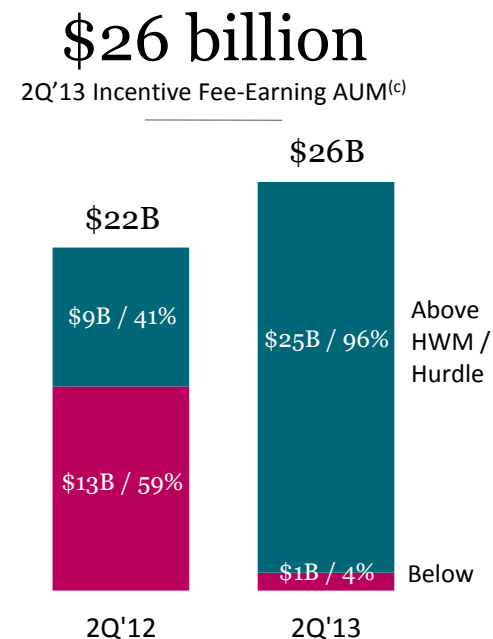
(b) Excludes the Capital Trust drawdown funds.

(c) Performance Fees included \$4.3 million in 2Q'12 and \$37.6 million in YTD'12 due to the impact of the profit allocation "catch-up" provisions for BREP V and VI.

## Hedge Fund Solutions

- ▶ Revenues for the quarter were up 91% year-over-year to \$138 million driven by an increase in Fee-Earning AUM and strong investment performance, resulting in Economic Income up 174% year-over-year to \$71 million.
  - Incentive Fees, which are largely realized at year end, increased significantly as \$24.8 billion, or 96% of Incentive Fee-Earning AUM, was above its High Water Mark and/or Hurdle, up from just \$8.8 billion, or 41% a year ago.
- ▶ BAAM Core Composite<sup>(a)</sup> was up 1.9% for the quarter and 6.6% year-to-date with one-third the volatility of the MSCI ACW TR Index<sup>(b)</sup>, which was down 0.2% and up 6.4% for the same respective periods.
- ▶ Fee-Earning AUM grew 18% year-over-year to a record \$48 billion driven by strong fund performance and \$1.6 billion of net inflows during the quarter bringing the year-to-date total to \$2.5 billion.
  - July 1 subscriptions of \$199 million are not included in quarter end Fee-Earning AUM.

(Dollars in Thousands)	2Q'12	2Q'13	% Change vs. 2Q'12	YTD'12	YTD'13	% Change vs. YTD'12
Fee Revenues	\$ 84,490	\$ 101,084	20%	\$ 166,327	\$ 194,856	17%
Performance Fees	(9,806)	34,834	n/m	16,679	104,044	524%
Investment Income (Loss)	(2,707)	1,614	n/m	6,167	6,379	3%
<b>Total Revenues</b>	<b>71,977</b>	<b>137,532</b>	<b>91%</b>	<b>189,173</b>	<b>305,279</b>	<b>61%</b>
Compensation	34,559	36,844	7%	62,792	70,712	13%
Performance Fee Compensation	(3,165)	12,782	n/m	5,507	37,640	583%
Other Operating Expenses	14,506	16,535	14%	28,440	31,694	11%
<b>Total Expenses</b>	<b>45,900</b>	<b>66,161</b>	<b>44%</b>	<b>96,739</b>	<b>140,046</b>	<b>45%</b>
<b>Economic Income</b>	<b>\$ 26,077</b>	<b>\$ 71,371</b>	<b>174%</b>	<b>\$ 92,434</b>	<b>\$ 165,233</b>	<b>79%</b>
Total AUM	\$ 42,888,946	\$ 50,128,028	17%	\$ 42,888,946	\$ 50,128,028	17%
Fee-Earning AUM	\$ 40,161,179	\$ 47,572,465	18%	\$ 40,161,179	\$ 47,572,465	18%



(a) BAAM's Core Composite does not include BAAM's long-only equity, long-biased commodities, seed, strategic opportunities (external investments), and advisory platforms. On a net of fees basis, the BAAM Core Composite was up 1.6% for the quarter and 6.0% year-to-date with one-third the volatility of the MSCI ACW TR Index. Blackstone 7

(b) The MSCI All Country World Total Return Index is a stock market index consisting of 45 country indices including both developed and emerging markets reflecting the reinvestment of gross dividends.

(c) Represents currently invested incentive fee eligible AUM above or below High Water Mark and/or hurdle. Totals may not add due to rounding.

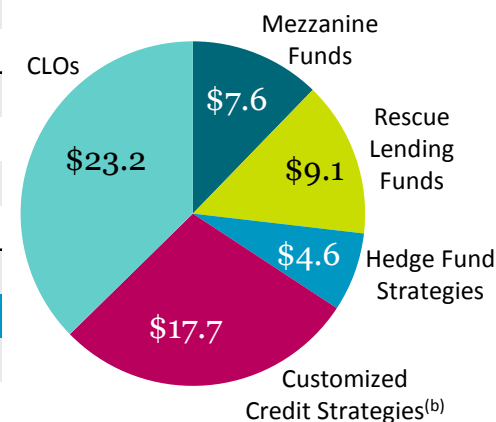
## Credit

- ▶ Revenues were up 69% year-over-year primarily driven by higher Total Performance Fees as fund valuations continued to increase across the platform.
  - Realized Performance Fees were \$66 million compared to \$16 million in the year ago period.
- ▶ Total AUM grew 23% year-over-year to a record \$62 billion driven by strong net inflows.
  - Net inflows included new fund launches, capital raised in the long-only platform and additional commitments to the second rescue lending fund.
- ▶ Investment performance<sup>(a)</sup> in the credit strategies remained strong across the platform.
  - Hedge Fund Strategies were up 6.5% for the quarter and 12.9% year-to-date.
  - Mezzanine Funds were up 6.4% for the quarter and 15.7% year-to-date.
  - Rescue Lending Funds were up 4.8% for the quarter and 11.0% year-to-date.
- ▶ Invested \$577 million of total capital with an additional \$213 million committed but not yet invested during the quarter, bringing year-to-date total capital invested and committed to \$1.1 billion.
- ▶ The second rescue lending fund initiated its investment period with its first investment.
  - Quarter end commitments were \$5.0 billion.

(Dollars in Thousands)			% Change				% Change	
	2Q'12	2Q'13	vs. 2Q'12	YTD'12	YTD'13	vs. YTD'12		
Fee Revenues	\$ 90,354	\$ 112,391	24%	\$ 178,054	\$ 212,932	20%		
Performance Fees	39,466	95,284	141%	122,723	219,794	79%		
Investment Income (Loss)	(3,518)	5,282	n/m	6,376	9,703	52%		
<b>Total Revenues</b>	<b>126,302</b>	<b>212,957</b>	<b>69%</b>	<b>307,153</b>	<b>442,429</b>	<b>44%</b>		
Compensation	42,845	55,941	31%	79,988	101,462	27%		
Performance Fee Compensation	12,993	52,049	301%	52,443	116,543	122%		
Other Operating Expenses	15,749	22,961	46%	32,845	43,923	34%		
<b>Total Expenses</b>	<b>71,587</b>	<b>130,951</b>	<b>83%</b>	<b>165,276</b>	<b>261,928</b>	<b>58%</b>		
<b>Economic Income</b>	<b>\$ 54,715</b>	<b>\$ 82,006</b>	<b>50%</b>	<b>\$ 141,877</b>	<b>\$ 180,501</b>	<b>27%</b>		
Total AUM	\$ 50,519,383	\$ 62,236,513	23%	\$ 50,519,383	\$ 62,236,513	23%		
Fee-Earning AUM	\$ 41,849,767	\$ 48,495,765	16%	\$ 41,849,767	\$ 48,495,765	16%		

**\$62 billion**

2Q'13 Total AUM



Totals may not add due to rounding.

(a) Represents weighted average performance of the assets of the respective flagship funds within each strategy. Hedge Fund Strategies net returns were 5.0% for 2Q'13 and 9.8% YTD'13, Mezzanine Funds net returns were 4.1% for 2Q'13 and 11.7% YTD'13 and Rescue Lending Funds net returns were 3.8% for 2Q'13 and 8.8% YTD'13.

(b) Includes business development companies ("BDCs"), closed-end funds, commingled funds, the ETF and separately managed accounts.

## Financial Advisory

- ▶ Revenues for the quarter were up 26% year-over-year, due to increases in closed deals in our Restructuring and Park Hill businesses, in conjunction with revenue from the recently formed Blackstone Capital Markets business.
- ▶ Restructuring revenue increased year-over-year, reflecting the business's fourth highest revenue quarter in its history, driven by the successful completion of numerous large transactions.
- ▶ Park Hill's revenue increased year-over-year, and the pipeline remains solid as challenging fundraising market conditions continue to drive demand for alternative asset placement services.
- ▶ Blackstone Advisory Partners' revenue was up from the first quarter, but decreased slightly year-over-year as advisory activity in the industry generally slowed.
- ▶ Quarterly revenue included Blackstone Capital Markets which acted as an underwriter or arranger for 13 deals, including the SeaWorld IPO, the BXMT secondary offering and the Pinnacle Foods IPO and debt refinancing.

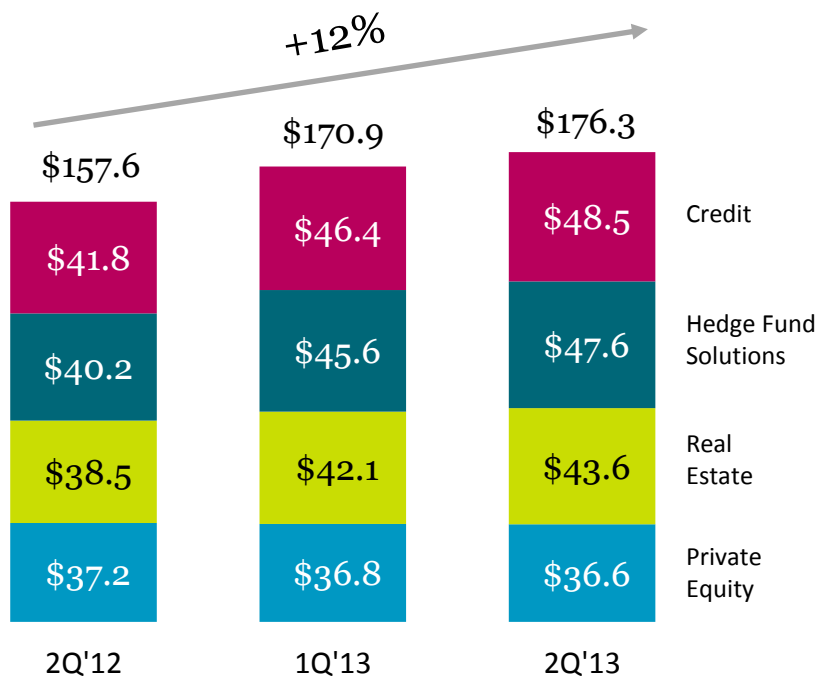
(Dollars in Thousands)	2Q'12	2Q'13	% Change vs. 2Q'12	YTD'12	YTD'13	% Change vs. YTD'12
Fee Revenues	\$ 95,187	\$ 122,581	29%	\$ 172,822	\$ 191,159	11%
Investment Income (Loss)	482	(1,664)	n/m	1,016	(1,789)	n/m
<b>Total Revenues</b>	<b>95,669</b>	<b>120,917</b>	<b>26%</b>	<b>173,838</b>	<b>189,370</b>	<b>9%</b>
Compensation	61,129	76,153	25%	129,089	134,079	4%
Other Operating Expenses	25,702	20,861	(19)%	46,388	41,554	(10)%
<b>Total Expenses</b>	<b>86,831</b>	<b>97,014</b>	<b>12%</b>	<b>175,477</b>	<b>175,633</b>	<b>0%</b>
<b>Economic Income (Loss)</b>	<b>\$ 8,838</b>	<b>\$ 23,903</b>	<b>170%</b>	<b>\$ (1,639)</b>	<b>\$ 13,737</b>	<b>n/m</b>

## Assets Under Management

- ▶ **Fee-Earning AUM:** up 12% year-over-year to a record \$176 billion, as \$35 billion of gross inflows and \$6 billion of market appreciation more than offset \$22 billion of realizations and outflows.
  - Including commitments, not yet earning fees, Fee-Earning AUM was \$193 billion, up 22% year-over-year.
- ▶ **Total AUM:** increased 21% year-over-year to a record \$230 billion driven by \$42 billion of gross inflows and \$25 billion of market appreciation across all investment businesses.
- ▶ AUM does not yet include assets from the Strategic Partners acquisition, which is expected to add \$10 billion of Total AUM and \$8 billion of Fee-Earning AUM in the third quarter.

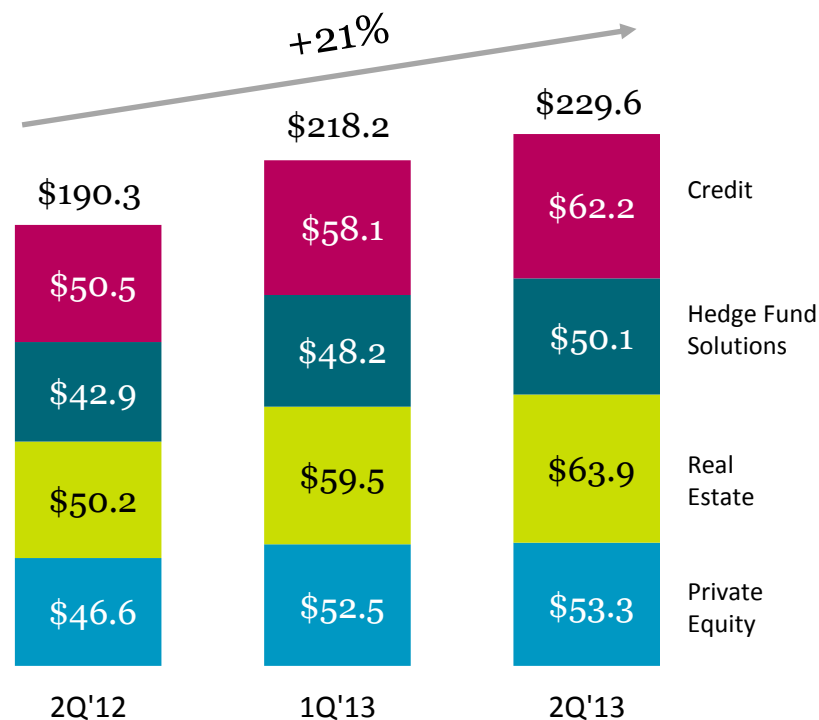
### Fee-Earning AUM by Segment

(Dollars in Billions)



### Total AUM by Segment

(Dollars in Billions)

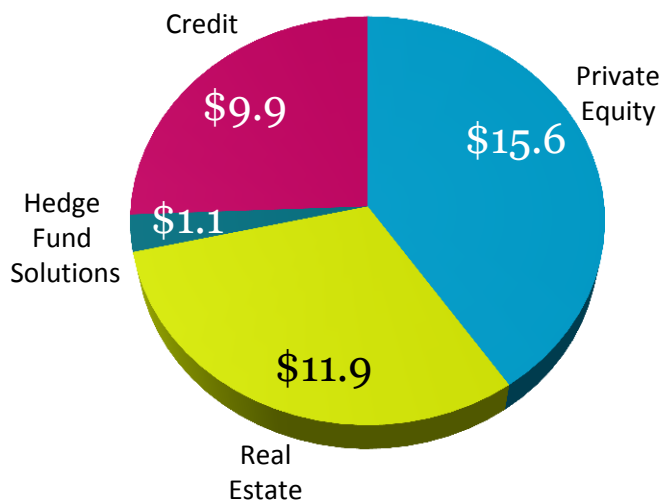


Totals may not add due to rounding.

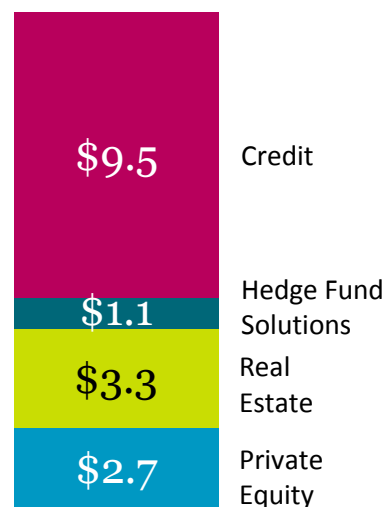
## 2Q'13 Available Capital Summary

- ▶ Achieved record level of committed undrawn capital (“dry powder”) with \$38.5 billion at quarter end.
- ▶ \$16.5 billion of Total AUM was not yet earning Base Management Fees at quarter end due largely to fund structures with fees that are triggered by the investment of capital.
- ▶ Performance Fee Eligible AUM was \$138.1 billion at quarter end, including \$79.8 billion (\$95.7 billion at fair value) currently earning Performance Fees.

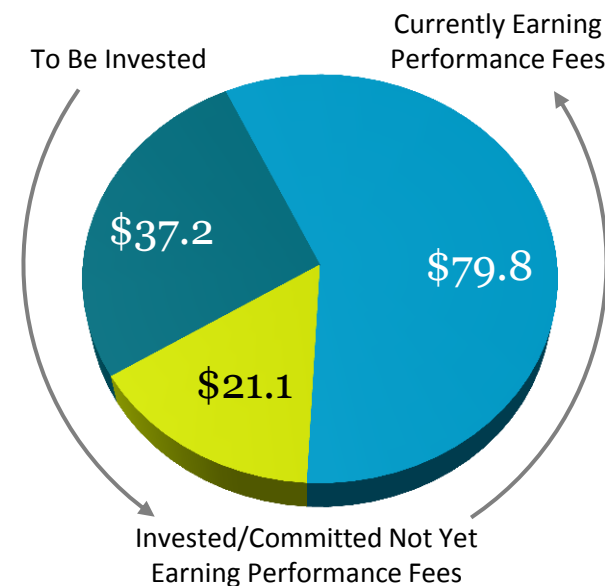
### \$39 billion Dry Powder<sup>(a)</sup>



### \$17 billion Not Yet Earning Base Management Fees<sup>(b)</sup>



### \$138 billion Performance Fee Eligible AUM<sup>(c)</sup>



(a) Represents illiquid drawdown funds only; excludes marketable vehicles; includes both Fee-Earning (third party) capital and GP/employee commitments that do not earn fees. Amounts reduced by outstanding commitments to invest, but for which capital has not been called.

(b) Represents (i) committed uninvested capital of our Private Equity and Real Estate drawdown funds with closed investment periods, and (ii) committed uninvested capital for our Real Estate debt strategies drawdown funds, our Credit Mezzanine and Rescue Lending funds and our Hedge Fund Solutions Strategic Alliance Fund and other separately managed accounts.

(c) Represents invested and to be invested capital, including closed commitments for funds whose investment period has not yet commenced, on which performance fees could be earned if certain hurdles are met.

## Unitholder Distribution

- ▶ Earned \$0.28 of Distributable Earnings per common unit during the second quarter, up 65% year-over-year.
  - Includes \$0.01 per common unit due to the exclusion of equity-based compensation expense in the revised definition of DE<sup>(a)</sup>.
- ▶ Declared a quarterly distribution of \$0.23 per common unit to record holders as of July 29, 2013; payable on August 5, 2013.
- ▶ Blackstone's base quarterly distribution is \$0.12 per unit, up 20% from \$0.10 per unit in 2012, and any excess Net Cash Available for Distribution to Common Unitholders is distributed each quarter as earned<sup>(a)</sup>.

(Dollars in Thousands, Except per Unit Data)	1Q'12	2Q'12	3Q'12	4Q'12	New Policy		% Change
					1Q'13	2Q'13	vs. 2Q'12
Distributable Earnings ("DE")	\$ 169,967	\$ 195,213	\$ 196,448	\$ 562,337	\$ 390,912	\$ 338,485	73%
Add: Other Payables Attributable to Common Unitholders	100	10,284	20,012	61,237	2,204	28,498	177%
DE before Certain Payables <sup>(b)</sup>	170,067	205,497	216,460	623,574	393,116	366,983	79%
Percent to Common Unitholders	46%	47%	48%	51%	51%	51%	
DE before Certain Payables Attributable to Common Unitholders	78,382	97,212	103,659	315,951	199,812	187,652	93%
Less: Other Payables Attributable to Common Unitholders	(100)	(10,284)	(20,012)	(61,237)	(2,204)	(28,498)	(177)%
DE Attributable to Common Unitholders	78,282	86,928	83,647	254,714	197,608	159,154	83%
<b>DE per Common Unit<sup>(c)</sup></b>	<b>\$ 0.15</b>	<b>\$ 0.17</b>	<b>\$ 0.16</b>	<b>\$ 0.45</b>	<b>\$ 0.34</b>	<b>\$ 0.28</b>	<b>65%</b>
Less: Retained Capital per Unit <sup>(d)</sup>	\$ (0.03)	\$ (0.03)	\$ (0.04)	\$ (0.11)	\$ (0.04)	\$ (0.05)	(67)%
Net Cash Available for Distribution per Common Unit <sup>(c)</sup>	\$ 0.12	\$ 0.14	\$ 0.12	\$ 0.34	\$ 0.30	\$ 0.23	64%
Actual Distribution per Common Unit <sup>(c)</sup>	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.42	\$ 0.30	\$ 0.23	130%
Record Date						July 29, 2013	
Payable Date						August 5, 2013	

(a) A detailed description of Blackstone's distribution policy and the revised definition of Distributable Earnings can be found in Appendix – Definitions and Distribution Policy.

(b) DE before Certain Payables represents Distributable Earnings before the deduction for the Payable Under Tax Receivable Agreement and tax expense (benefit) of wholly-owned subsidiaries.

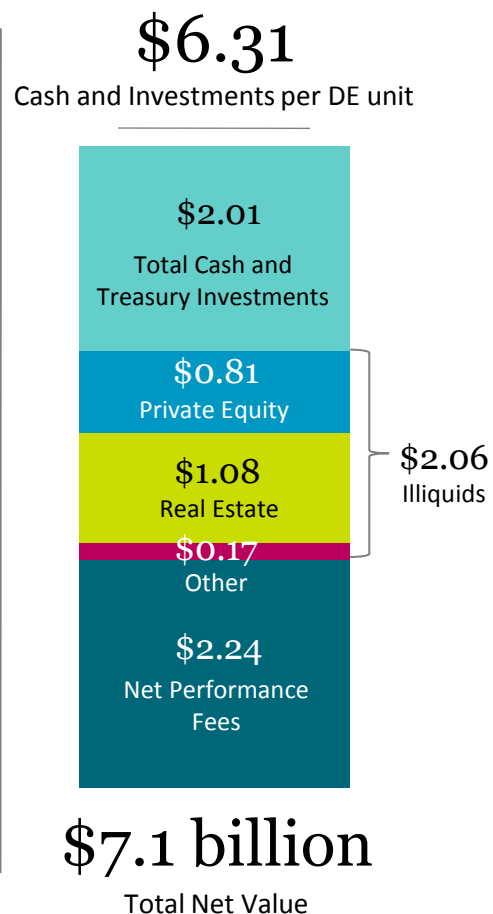
(c) Per Unit calculations are based on Total Common Units Outstanding (see Appendix – Unit Rollforward); actual distributions are paid to applicable unitholders as of the record date.

(d) Retained capital is withheld pro-rata from common and Blackstone Holdings Partnership unitholders. Common unitholders' share was \$24.7 million for 2Q'13.

## Balance Sheet Highlights<sup>(a)</sup>

- ▶ At June 30, 2013, Blackstone had \$2.3 billion in total cash and corporate treasury investments and \$7.1 billion of total net value, or \$6.31 per DE unit, up 37% from \$4.61 a year ago.
- ▶ Long-term debt of \$1.6 billion from the 2009, 2010 and 2012 bond issuances.
- ▶ There are currently no borrowings outstanding against the \$1.1 billion revolving credit facility expiring in 2017.

(Dollars in Millions)	2Q'13
Cash and Cash Equivalents	\$ 661
Treasury Cash Management Strategies	1,460
Liquid Investments <sup>(b)</sup>	145
Illiquid Investments <sup>(c)</sup>	2,318
Net Performance Fees	2,529
<b>Total Net Value</b>	<b>\$ 7,113</b>
Outstanding Bonds (at par) <sup>(d)</sup>	\$ 1,635



**A/A+**  
rated by S&P / Fitch

**\$1.1 billion**  
undrawn credit revolver with  
July 2017 maturity

**\$2.3 billion**  
total cash and corporate  
treasury investments

(a) Preliminary, excludes the consolidated Blackstone funds. Totals may not add due to rounding.

(b) Primarily Blackstone investments in Hedge Fund Solutions and non-drawdown Credit.

(c) Illiquids include Blackstone investments in all drawdown funds in Private Equity, Real Estate and Credit.

(d) Senior notes of \$600 million issued August 2009 maturing on August 15, 2019 (6.625% coupon), \$400 million issued September 2010 maturing on March 15, 2021 (5.875% coupon), \$400 million issued August 2012 maturing on February 15, 2023 (4.750% coupon) and \$250 million issued August 2012 maturing on August 15, 2042 (6.250% coupon), net of \$15 million held by Blackstone.



# GAAP Statement of Operations

	2Q'12	2Q'13	% Change vs. 2Q'12	YTD'12	YTD'13	% Change vs. YTD'12
(Dollars in Thousands, Except per Unit Data) (Unaudited)						
<b>Revenues</b>						
Management and Advisory Fees, Net	\$ 488,048	\$ 578,723	19%	\$ 959,724	\$ 1,060,856	11%
Performance Fees						
Realized Carried Interest	55,929	183,288	228%	69,489	477,458	587%
Realized Incentive Fees	11,631	76,104	554%	16,910	99,845	490%
Unrealized Carried Interest	84,290	456,706	442%	383,086	634,053	66%
Unrealized Incentive Fees	(16,436)	938	n/m	50,699	106,736	111%
Total Performance Fees	135,414	717,036	430%	520,184	1,318,092	153%
Investment Income (Loss)						
Realized	5,758	75,490	n/m	22,093	117,843	433%
Unrealized	(10,519)	56,570	n/m	62,307	162,800	161%
Total Investment Income (Loss)	(4,761)	132,060	n/m	84,400	280,643	233%
Interest and Dividend Revenue	9,267	13,814	49%	16,903	26,371	56%
Other	(765)	(1,163)	(52)%	(1,972)	981	n/m
<b>Total Revenues</b>	<b>627,203</b>	<b>1,440,470</b>	<b>130%</b>	<b>1,579,239</b>	<b>2,686,943</b>	<b>70%</b>
<b>Expenses</b>						
Compensation and Benefits						
Compensation	533,367	478,981	(10)%	1,028,622	930,411	(10)%
Performance Fee Compensation						
Realized Carried Interest	7,898	75,910	861%	15,836	165,347	944%
Realized Incentive Fees	5,576	35,014	528%	9,828	45,522	363%
Unrealized Carried Interest	36,815	172,824	369%	121,359	268,296	121%
Unrealized Incentive Fees	(9,595)	3,084	n/m	3,183	47,562	n/m
Total Compensation and Benefits	574,061	765,813	33%	1,178,828	1,457,138	24%
General, Administrative and Other	135,737	117,365	(14)%	278,503	226,671	(19)%
Interest Expense	13,773	26,956	96%	28,291	54,018	91%
Fund Expenses	16,248	4,628	(72)%	37,990	12,036	(68)%
<b>Total Expenses</b>	<b>739,819</b>	<b>914,762</b>	<b>24%</b>	<b>1,523,612</b>	<b>1,749,863</b>	<b>15%</b>
<b>Other Income</b>						
Net Gains from Fund Investment Activities	248,230	40,966	(83)%	536,372	108,176	(80)%
<b>Income Before Provision for Taxes</b>	<b>\$ 135,614</b>	<b>\$ 566,674</b>	<b>318%</b>	<b>\$ 591,999</b>	<b>\$ 1,045,256</b>	<b>77%</b>
Provision for Taxes	41,337	56,082	36%	80,090	107,075	34%
<b>Net Income</b>	<b>\$ 94,277</b>	<b>\$ 510,592</b>	<b>442%</b>	<b>\$ 511,909</b>	<b>\$ 938,181</b>	<b>83%</b>
<b>Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities</b>	<b>(17,666)</b>	<b>22,366</b>	<b>n/m</b>	<b>36,594</b>	<b>84,682</b>	<b>131%</b>
<b>Net Income Attributable to Non-Controlling Interests in Consolidated Entities</b>	<b>239,934</b>	<b>27,944</b>	<b>(88)%</b>	<b>437,576</b>	<b>18,492</b>	<b>(96)%</b>
<b>Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings</b>	<b>(53,027)</b>	<b>249,134</b>	<b>n/m</b>	<b>54,378</b>	<b>456,224</b>	<b>739%</b>
<b>Net Income (Loss) Attributable to The Blackstone Group, L.P.</b>	<b>\$ (74,964)</b>	<b>\$ 211,148</b>	<b>n/m</b>	<b>\$ (16,639)</b>	<b>\$ 378,783</b>	<b>n/m</b>
<b>Net Income (Loss) per Common Unit, Basic and Diluted</b>	<b>\$ (0.14)</b>	<b>\$ 0.36</b>	<b>n/m</b>	<b>\$ (0.03)</b>	<b>\$ 0.65</b>	<b>n/m</b>

# Appendix

# Total Segments

(Dollars in Thousands)	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13	YTD'12	YTD'13
<b>Revenues</b>							
Management and Advisory Fees, Net							
Base Management Fees	\$ 381,344	\$ 398,088	\$ 416,465	\$ 408,747	\$ 425,674	\$ 776,850	\$ 834,421
Advisory Fees	93,372	59,951	128,248	67,020	120,734	169,218	187,754
Transaction and Other Fees, Net <sup>(a)</sup>	49,453	45,126	94,069	37,974	66,464	87,924	104,438
Management Fee Offsets <sup>(b)</sup>	(7,973)	(8,454)	(11,476)	(9,662)	(10,535)	(21,023)	(20,197)
Total Management and Advisory Fees, Net	516,196	494,711	627,306	504,079	602,337	1,012,969	1,106,416
Performance Fees							
Realized Carried Interest	55,929	83,765	174,168	294,170	183,288	69,489	477,458
Realized Incentive Fees	11,692	11,620	272,873	24,727	74,867	16,971	99,594
Unrealized Carried Interest	84,290	403,465	207,639	177,347	456,706	383,086	634,053
Unrealized Incentive Fees	(17,074)	104,149	(184,507)	107,755	4,358	51,047	112,113
Total Performance Fees	134,837	602,999	470,173	603,999	719,219	520,593	1,323,218
Investment Income (Loss)							
Realized	9,360	25,098	37,448	38,110	54,586	32,852	92,696
Unrealized	(25,624)	82,334	74,222	96,661	42,533	34,290	139,194
Total Investment Income (Loss)	(16,264)	107,432	111,670	134,771	97,119	67,142	231,890
Interest Income and Dividend Revenue	10,391	12,004	14,890	14,661	15,342	19,736	30,003
Other	(828)	2,477	4,707	2,143	(1,164)	(2,035)	979
<b>Total Revenues</b>	<b>644,332</b>	<b>1,219,623</b>	<b>1,228,746</b>	<b>1,259,653</b>	<b>1,432,853</b>	<b>1,618,405</b>	<b>2,692,506</b>
<b>Expenses</b>							
Compensation	268,884	259,561	247,559	266,977	306,477	523,656	573,454
Performance Fee Compensation							
Realized Carried Interest	7,899	22,023	58,573	89,437	75,910	15,837	165,347
Realized Incentive Fees	5,575	4,457	125,758	10,508	35,014	9,827	45,522
Unrealized Carried Interest	36,815	128,863	71,378	95,472	172,824	121,358	268,296
Unrealized Incentive Fees	(9,596)	44,254	(91,965)	44,478	3,084	3,183	47,562
Total Compensation and Benefits	309,577	459,158	411,303	506,872	593,309	673,861	1,100,181
Other Operating Expenses	113,038	127,456	131,430	114,444	120,152	222,559	234,596
<b>Total Expenses</b>	<b>422,615</b>	<b>586,614</b>	<b>542,733</b>	<b>621,316</b>	<b>713,461</b>	<b>896,420</b>	<b>1,334,777</b>
<b>Economic Income</b>	<b>\$ 221,717</b>	<b>\$ 633,009</b>	<b>\$ 686,013</b>	<b>\$ 638,337</b>	<b>\$ 719,392</b>	<b>\$ 721,985</b>	<b>\$ 1,357,729</b>
<b>Economic Net Income</b>	<b>\$ 212,349</b>	<b>\$ 621,752</b>	<b>\$ 669,981</b>	<b>\$ 628,306</b>	<b>\$ 703,240</b>	<b>\$ 703,566</b>	<b>\$ 1,331,546</b>
<b>Fee Related Earnings</b>	<b>\$ 145,729</b>	<b>\$ 135,052</b>	<b>\$ 272,604</b>	<b>\$ 137,733</b>	<b>\$ 168,434</b>	<b>\$ 292,657</b>	<b>\$ 306,167</b>
<b>Distributable Earnings</b>	<b>\$ 195,213</b>	<b>\$ 196,448</b>	<b>\$ 562,337</b>	<b>\$ 390,912</b>	<b>\$ 338,485</b>	<b>\$ 365,180</b>	<b>\$ 729,397</b>
Total Assets Under Management	\$ 190,267,831	\$ 204,551,572	\$ 210,219,960	\$ 218,210,672	\$ 229,571,741	\$ 190,267,831	\$ 229,571,741
Fee-Earning Assets Under Management	\$ 157,646,521	\$ 168,630,082	\$ 167,880,440	\$ 170,949,347	\$ 176,338,947	\$ 157,646,521	\$ 176,338,947
Weighted Average Fee-Earning AUM	\$ 156,426,744	\$ 162,377,631	\$ 168,328,454	\$ 169,551,186	\$ 173,706,678	\$ 155,224,593	\$ 172,372,395
LP Capital Invested	\$ 2,403,623	\$ 3,085,441	\$ 5,690,474	\$ 1,784,463	\$ 3,634,404	\$ 5,123,056	\$ 5,418,867
Total Capital Invested	\$ 2,525,648	\$ 3,754,061	\$ 6,200,755	\$ 1,840,474	\$ 3,757,591	\$ 5,660,033	\$ 5,598,065

(a) Transaction and Other Fees, Net, are net of amounts, if any, shared with limited partners including, for Private Equity, broken deal expenses.

(b) Primarily placement fees.

# Private Equity

(Dollars in Thousands)	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13	YTD'12	YTD'13
<b>Revenues</b>							
<b>Management Fees, Net</b>							
Base Management Fees	\$ 87,475	\$ 86,136	\$ 89,194	\$ 86,246	\$ 86,621	\$ 173,264	\$ 172,867
Transaction and Other Fees, Net <sup>(a)</sup>	14,951	25,693	41,339	24,453	38,348	33,048	62,801
Management Fee Offsets <sup>(b)</sup>	(672)	(767)	(705)	(480)	(1,950)	(4,454)	(2,430)
<b>Total Management Fees, Net</b>	<b>101,754</b>	<b>111,062</b>	<b>129,828</b>	<b>110,219</b>	<b>123,019</b>	<b>201,858</b>	<b>233,238</b>
<b>Performance Fees</b>							
Realized Carried Interest	28,781	31,592	45,491	139,892	3,899	32,714	143,791
Unrealized Carried Interest	(87,893)	128,746	73,477	(83,954)	182,926	(53,842)	98,972
<b>Total Performance Fees</b>	<b>(59,112)</b>	<b>160,338</b>	<b>118,968</b>	<b>55,938</b>	<b>186,825</b>	<b>(21,128)</b>	<b>242,763</b>
<b>Investment Income (Loss)</b>							
Realized	(6,195)	7,189	10,918	24,162	21,586	7,716	45,748
Unrealized	(28,337)	43,267	53,938	31,711	21,088	(11,868)	52,799
<b>Total Investment Income (Loss)</b>	<b>(34,532)</b>	<b>50,456</b>	<b>64,856</b>	<b>55,873</b>	<b>42,674</b>	<b>(4,152)</b>	<b>98,547</b>
Interest Income and Dividend Revenue	3,114	3,413	4,609	2,984	3,251	5,534	6,235
Other	562	1,650	420	424	366	347	790
<b>Total Revenues</b>	<b>11,786</b>	<b>326,919</b>	<b>318,681</b>	<b>225,438</b>	<b>356,135</b>	<b>182,459</b>	<b>581,573</b>
<b>Expenses</b>							
<b>Compensation</b>							
Performance Fee Compensation							
Realized Carried Interest	804	1,048	1,507	16,246	877	1,124	17,123
Unrealized Carried Interest	(8,259)	43,228	24,638	16,619	88,111	(9,311)	104,730
<b>Total Compensation and Benefits</b>	<b>46,320</b>	<b>106,700</b>	<b>80,108</b>	<b>93,068</b>	<b>152,735</b>	<b>98,135</b>	<b>245,803</b>
Other Operating Expenses	30,521	30,944	40,499	29,168	32,178	59,402	61,346
<b>Total Expenses</b>	<b>76,841</b>	<b>137,644</b>	<b>120,607</b>	<b>122,236</b>	<b>184,913</b>	<b>157,537</b>	<b>307,149</b>
<b>Economic Income (Loss)</b>	<b>\$ (65,055)</b>	<b>\$ 189,275</b>	<b>\$ 198,074</b>	<b>\$ 103,202</b>	<b>\$ 171,222</b>	<b>\$ 24,922</b>	<b>\$ 274,424</b>
Total Assets Under Management	\$ 46,633,552	\$ 50,222,312	\$ 51,002,973	\$ 52,491,811	\$ 53,287,294	\$ 46,633,552	\$ 53,287,294
Fee-Earning Assets Under Management	\$ 37,159,452	\$ 38,505,497	\$ 37,050,167	\$ 36,785,770	\$ 36,635,224	\$ 37,159,452	\$ 36,635,224
Weighted Average Fee-Earning AUM	\$ 37,434,520	\$ 38,096,139	\$ 38,507,697	\$ 36,907,936	\$ 36,675,636	\$ 37,462,152	\$ 36,865,792
LP Capital Invested	\$ 102,899	\$ 1,015,605	\$ 1,461,987	\$ 276,987	\$ 749,290	\$ 745,943	\$ 1,026,277
Total Capital Invested	\$ 108,977	\$ 1,427,871	\$ 1,860,738	\$ 291,011	\$ 780,339	\$ 789,012	\$ 1,071,350

(a) Transaction and Other Fees, Net, are net of amounts, if any, shared with limited partners including, for Private Equity, broken deal expenses.

(b) Primarily placement fees.

# Real Estate

(Dollars in Thousands)	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13	YTD'12	YTD'13
<b>Revenues</b>							
<b>Management Fees, Net</b>							
Base Management Fees	\$ 127,817	\$ 135,659	\$ 140,044	\$ 138,346	\$ 137,000	\$ 275,619	\$ 275,346
Transaction and Other Fees, Net <sup>(a)</sup>	25,151	14,937	31,181	9,140	19,013	39,563	28,153
Management Fee Offsets <sup>(b)</sup>	(5,357)	(6,034)	(8,591)	(7,286)	(6,312)	(13,984)	(13,598)
<b>Total Management Fees, Net</b>	<b>147,611</b>	<b>144,562</b>	<b>162,634</b>	<b>140,200</b>	<b>149,701</b>	<b>301,198</b>	<b>289,901</b>
<b>Performance Fees</b>							
Realized Carried Interest	13,539	51,845	91,113	68,773	143,481	22,156	212,254
Realized Incentive Fees	7,766	4,879	13,012	3,092	31,102	7,765	34,194
Unrealized Carried Interest	144,510	207,695	110,059	280,076	259,972	366,010	540,048
Unrealized Incentive Fees	(1,526)	6,150	(12,657)	2,400	(32,279)	6,388	(29,879)
<b>Total Performance Fees</b>	<b>164,289</b>	<b>270,569</b>	<b>201,527</b>	<b>354,341</b>	<b>402,276</b>	<b>402,319</b>	<b>756,617</b>
<b>Investment Income</b>							
Realized	9,067	10,324	18,099	9,534	18,577	16,879	28,111
Unrealized	14,944	33,676	16,343	60,303	30,636	40,856	90,939
<b>Total Investment Income</b>	<b>24,011</b>	<b>44,000</b>	<b>34,442</b>	<b>69,837</b>	<b>49,213</b>	<b>57,735</b>	<b>119,050</b>
Interest Income and Dividend Revenue	3,277	3,581	5,038	4,298	4,396	5,829	8,694
Other	(590)	1,941	252	(133)	(274)	(1,299)	(407)
<b>Total Revenues</b>	<b>338,598</b>	<b>464,653</b>	<b>403,893</b>	<b>568,543</b>	<b>605,312</b>	<b>765,782</b>	<b>1,173,855</b>
<b>Expenses</b>							
Compensation	76,576	71,456	54,201	69,459	73,792	145,465	143,251
<b>Performance Fee Compensation</b>							
Realized Carried Interest	3,401	19,822	35,118	25,863	55,005	7,478	80,868
Realized Incentive Fees	3,871	2,570	6,617	1,724	15,733	3,873	17,457
Unrealized Carried Interest	31,677	47,940	31,590	89,057	78,604	85,952	167,661
Unrealized Incentive Fees	(629)	2,876	(6,598)	1,034	(16,329)	3,139	(15,295)
<b>Total Compensation and Benefits</b>	<b>114,896</b>	<b>144,664</b>	<b>120,928</b>	<b>187,137</b>	<b>206,805</b>	<b>245,907</b>	<b>393,942</b>
Other Operating Expenses	26,560	31,284	36,946	28,462	27,617	55,484	56,079
<b>Total Expenses</b>	<b>141,456</b>	<b>175,948</b>	<b>157,874</b>	<b>215,599</b>	<b>234,422</b>	<b>301,391</b>	<b>450,021</b>
<b>Economic Income</b>	<b>\$ 197,142</b>	<b>\$ 288,705</b>	<b>\$ 246,019</b>	<b>\$ 352,944</b>	<b>\$ 370,890</b>	<b>\$ 464,391</b>	<b>\$ 723,834</b>
Total Assets Under Management	\$ 50,225,950	\$ 53,546,023	\$ 56,695,645	\$ 59,475,215	\$ 63,919,906	\$ 50,225,950	\$ 63,919,906
Fee-Earning Assets Under Management	\$ 38,476,123	\$ 40,609,286	\$ 41,931,339	\$ 42,140,507	\$ 43,635,493	\$ 38,476,123	\$ 43,635,493
Weighted Average Fee-Earning AUM	\$ 36,882,087	\$ 38,947,049	\$ 40,164,238	\$ 41,682,661	\$ 42,523,604	\$ 36,270,050	\$ 42,109,834
LP Capital Invested	\$ 1,855,108	\$ 1,342,811	\$ 3,876,701	\$ 1,175,775	\$ 2,213,668	\$ 2,998,663	\$ 3,389,443
Total Capital Invested	\$ 1,954,731	\$ 1,397,249	\$ 3,990,620	\$ 1,202,736	\$ 2,274,853	\$ 3,127,614	\$ 3,477,589

(a) Transaction and Other Fees, Net, are net of amounts, if any, shared with limited partners.

(b) Primarily placement fees.

# Hedge Fund Solutions

(Dollars in Thousands)	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13	YTD'12	YTD'13
<b>Revenues</b>							
<b>Management Fees, Net</b>							
Base Management Fees	\$ 84,278	\$ 87,334	\$ 92,777	\$ 92,791	\$ 100,113	\$ 166,099	\$ 192,904
Transaction and Other Fees, Net <sup>(a)</sup>	65	4	27	4	61	157	65
Management Fee Offsets <sup>(b)</sup>	(375)	(382)	(322)	(324)	(714)	(710)	(1,038)
<b>Total Management Fees, Net</b>	<b>83,968</b>	<b>86,956</b>	<b>92,482</b>	<b>92,471</b>	<b>99,460</b>	<b>165,546</b>	<b>191,931</b>
<b>Performance Fees</b>							
Realized Incentive Fees	1,175	2,637	76,323	13,709	13,845	4,473	27,554
Unrealized Incentive Fees	(10,981)	36,635	(39,799)	55,501	20,989	12,206	76,490
<b>Total Performance Fees</b>	<b>(9,806)</b>	<b>39,272</b>	<b>36,524</b>	<b>69,210</b>	<b>34,834</b>	<b>16,679</b>	<b>104,044</b>
<b>Investment Income (Loss)</b>							
Realized	929	637	5,201	852	13,668	1,432	14,520
Unrealized	(3,636)	5,199	(1,417)	3,913	(12,054)	4,735	(8,141)
<b>Total Investment Income (Loss)</b>	<b>(2,707)</b>	<b>5,836</b>	<b>3,784</b>	<b>4,765</b>	<b>1,614</b>	<b>6,167</b>	<b>6,379</b>
Interest Income and Dividend Revenue	495	540	718	1,216	1,878	881	3,094
Other	27	315	3,601	85	(254)	(100)	(169)
<b>Total Revenues</b>	<b>71,977</b>	<b>132,919</b>	<b>137,109</b>	<b>167,747</b>	<b>137,532</b>	<b>189,173</b>	<b>305,279</b>
<b>Expenses</b>							
Compensation	34,559	28,826	28,113	33,868	36,844	62,792	70,712
<b>Performance Fee Compensation</b>							
Realized Incentive Fees	(345)	1,062	20,985	5,022	5,116	1,033	10,138
Unrealized Incentive Fees	(2,820)	8,062	(11,219)	19,836	7,666	4,474	27,502
<b>Total Compensation and Benefits</b>	<b>31,394</b>	<b>37,950</b>	<b>37,879</b>	<b>58,726</b>	<b>49,626</b>	<b>68,299</b>	<b>108,352</b>
Other Operating Expenses	14,506	12,878	16,491	15,159	16,535	28,440	31,694
<b>Total Expenses</b>	<b>45,900</b>	<b>50,828</b>	<b>54,370</b>	<b>73,885</b>	<b>66,161</b>	<b>96,739</b>	<b>140,046</b>
<b>Economic Income</b>	<b>\$ 26,077</b>	<b>\$ 82,091</b>	<b>\$ 82,739</b>	<b>\$ 93,862</b>	<b>\$ 71,371</b>	<b>\$ 92,434</b>	<b>\$ 165,233</b>
Total Assets Under Management	\$ 42,888,946	\$ 46,218,618	\$ 46,092,505	\$ 48,187,865	\$ 50,128,028	\$ 42,888,946	\$ 50,128,028
Fee-Earning Assets Under Management	\$ 40,161,179	\$ 43,601,541	\$ 43,478,791	\$ 45,585,454	\$ 47,572,465	\$ 40,161,179	\$ 47,572,465
Weighted Average Fee-Earning AUM	\$ 40,528,701	\$ 42,005,752	\$ 43,709,019	\$ 44,999,899	\$ 46,783,727	\$ 40,214,075	\$ 46,091,525
LP Capital Invested	\$ -	\$ 196,180	\$ -	\$ 55,849	\$ 118,323	\$ 4,661	\$ 174,172
Total Capital Invested	\$ -	\$ 207,250	\$ -	\$ 59,000	\$ 125,000	\$ 5,502	\$ 184,000

(a) Transaction and Other Fees, Net, are net of amounts, if any, shared with limited partners.

(b) Primarily placement fees.

# Credit

(Dollars in Thousands)	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13	YTD'12	YTD'13
<b>Revenues</b>							
<b>Management Fees, Net</b>							
Base Management Fees	\$ 81,774	\$ 88,959	\$ 94,450	\$ 91,364	\$ 101,940	\$ 161,868	\$ 193,304
Transaction and Other Fees, Net <sup>(a)</sup>	9,184	4,486	21,480	4,374	9,002	14,909	13,376
Management Fee Offsets <sup>(b)</sup>	(1,569)	(1,271)	(1,858)	(1,572)	(1,559)	(1,875)	(3,131)
<b>Total Management Fees, Net</b>	<b>89,389</b>	<b>92,174</b>	<b>114,072</b>	<b>94,166</b>	<b>109,383</b>	<b>174,902</b>	<b>203,549</b>
<b>Performance Fees</b>							
Realized Carried Interest	13,609	328	37,564	85,505	35,908	14,619	121,413
Realized Incentive Fees	2,751	4,104	183,538	7,926	29,920	4,733	37,846
Unrealized Carried Interest	27,673	67,024	24,103	(18,775)	13,808	70,918	(4,967)
Unrealized Incentive Fees	(4,567)	61,364	(132,051)	49,854	15,648	32,453	65,502
<b>Total Performance Fees</b>	<b>39,466</b>	<b>132,820</b>	<b>113,154</b>	<b>124,510</b>	<b>95,284</b>	<b>122,723</b>	<b>219,794</b>
<b>Investment Income (Loss)</b>							
Realized	5,638	6,697	2,593	3,328	901	6,321	4,229
Unrealized	(9,156)	(736)	5,450	1,093	4,381	55	5,474
<b>Total Investment Income (Loss)</b>	<b>(3,518)</b>	<b>5,961</b>	<b>8,043</b>	<b>4,421</b>	<b>5,282</b>	<b>6,376</b>	<b>9,703</b>
Interest Income and Dividend Revenue	1,752	2,673	2,480	4,547	4,071	4,177	8,618
Other	(787)	(678)	529	1,828	(1,063)	(1,025)	765
<b>Total Revenues</b>	<b>126,302</b>	<b>232,950</b>	<b>238,278</b>	<b>229,472</b>	<b>212,957</b>	<b>307,153</b>	<b>442,429</b>
<b>Expenses</b>							
Compensation	42,845	50,236	51,853	45,521	55,941	79,988	101,462
<b>Performance Fee Compensation</b>							
Realized Carried Interest	3,694	1,153	21,948	47,328	20,028	7,235	67,356
Realized Incentive Fees	2,049	825	98,156	3,762	14,165	4,921	17,927
Unrealized Carried Interest	13,397	37,695	15,150	(10,204)	6,109	44,717	(4,095)
Unrealized Incentive Fees	(6,147)	33,316	(74,148)	23,608	11,747	(4,430)	35,355
<b>Total Compensation and Benefits</b>	<b>55,838</b>	<b>123,225</b>	<b>112,959</b>	<b>110,015</b>	<b>107,990</b>	<b>132,431</b>	<b>218,005</b>
Other Operating Expenses	15,749	33,527	18,116	20,962	22,961	32,845	43,923
<b>Total Expenses</b>	<b>71,587</b>	<b>156,752</b>	<b>131,075</b>	<b>130,977</b>	<b>130,951</b>	<b>165,276</b>	<b>261,928</b>
<b>Economic Income</b>	<b>\$ 54,715</b>	<b>\$ 76,198</b>	<b>\$ 107,203</b>	<b>\$ 98,495</b>	<b>\$ 82,006</b>	<b>\$ 141,877</b>	<b>\$ 180,501</b>
Total Assets Under Management	\$ 50,519,383	\$ 54,564,619	\$ 56,428,837	\$ 58,055,781	\$ 62,236,513	\$ 50,519,383	\$ 62,236,513
Fee-Earning Assets Under Management	\$ 41,849,767	\$ 45,913,758	\$ 45,420,143	\$ 46,437,616	\$ 48,495,765	\$ 41,849,767	\$ 48,495,765
Weighted Average Fee-Earning AUM	\$ 41,581,436	\$ 43,328,691	\$ 45,947,499	\$ 45,960,690	\$ 47,723,711	\$ 41,278,316	\$ 47,305,244
LP Capital Invested	\$ 445,616	\$ 530,845	\$ 351,786	\$ 275,852	\$ 553,123	\$ 1,373,789	\$ 828,975
Total Capital Invested	\$ 461,940	\$ 721,691	\$ 349,397	\$ 287,727	\$ 577,399	\$ 1,737,905	\$ 865,126

(a) Transaction and Other Fees, Net, are net of amounts, if any, shared with limited partners.

(b) Primarily placement fees.

## Financial Advisory

(Dollars in Thousands)	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13	YTD'12	YTD'13
<b>Revenues</b>							
Advisory Fees	\$ 93,372	\$ 59,951	\$ 128,248	\$ 67,020	\$ 120,734	\$ 169,218	\$ 187,754
Transaction and Other Fees, Net	102	6	42	3	40	247	43
<b>Total Advisory and Transaction Fees</b>	<b>93,474</b>	<b>59,957</b>	<b>128,290</b>	<b>67,023</b>	<b>120,774</b>	<b>169,465</b>	<b>187,797</b>
<b>Investment Income (Loss)</b>							
Realized	(79)	251	637	234	(146)	504	88
Unrealized	561	928	(92)	(359)	(1,518)	512	(1,877)
<b>Total Investment Income (Loss)</b>	<b>482</b>	<b>1,179</b>	<b>545</b>	<b>(125)</b>	<b>(1,664)</b>	<b>1,016</b>	<b>(1,789)</b>
Interest Income and Dividend Revenue	1,753	1,797	2,045	1,616	1,746	3,315	3,362
Other	(40)	(751)	(95)	(61)	61	42	-
<b>Total Revenues</b>	<b>95,669</b>	<b>62,182</b>	<b>130,785</b>	<b>68,453</b>	<b>120,917</b>	<b>173,838</b>	<b>189,370</b>
<b>Expenses</b>							
Compensation	61,129	46,619	59,429	57,926	76,153	129,089	134,079
<b>Total Compensation and Benefits</b>	<b>61,129</b>	<b>46,619</b>	<b>59,429</b>	<b>57,926</b>	<b>76,153</b>	<b>129,089</b>	<b>134,079</b>
Other Operating Expenses	25,702	18,823	19,378	20,693	20,861	46,388	41,554
<b>Total Expenses</b>	<b>86,831</b>	<b>65,442</b>	<b>78,807</b>	<b>78,619</b>	<b>97,014</b>	<b>175,477</b>	<b>175,633</b>
<b>Economic Income (Loss)</b>	<b>\$ 8,838</b>	<b>\$ (3,260)</b>	<b>\$ 51,978</b>	<b>\$ (10,166)</b>	<b>\$ 23,903</b>	<b>\$ (1,639)</b>	<b>\$ 13,737</b>



## Fee-Earning Assets Under Management Flows

- ▶ **Fee-Earning AUM:** up \$18.7 billion or 12% from a year ago driven mainly by continued strong inflows and market appreciation totaling \$40.7 billion, which more than offset \$15.1 billion of realizations and \$6.9 billion of outflows.
- ▶ **Private Equity:** decreased slightly from a year ago despite steady inflows into our tactical opportunities investment vehicles due to \$3.6 billion of realizations.
- ▶ **Real Estate:** grew 13% during the past year driven by fundraising for several investment vehicles, the BXMT acquisition and secondary offering, and fee-paying co-investment capital, partially offset by \$3.1 billion of realizations.
- ▶ **Hedge Fund Solutions:** continued solid growth with \$1.6 billion of net inflows during the quarter, bringing the last twelve months to \$3.4 billion of net inflows and \$4.0 billion of market appreciation.
- ▶ **Credit:** grew 16% or \$6.6 billion during the past year primarily due to market appreciation, new fund launches, capital raised across our long-only platform and capital deployed in our carry funds.

### 2Q'13 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'13	\$ 36,786	\$ 42,141	\$ 45,585	\$ 46,438	\$ 170,949
Inflows <sup>(a)</sup>	805	2,815	2,713	4,635	10,968
Outflows <sup>(b)</sup>	-	(104)	(1,128)	(368)	(1,600)
Realizations <sup>(c)</sup>	(950)	(1,255)	-	(2,550)	(4,756)
Net Inflows (Outflows)	(145)	1,455	1,585	1,718	4,613
Market Activity <sup>(d)</sup>	(5)	40	402	341	777
<b>2Q'13</b>	<b>\$ 36,635</b>	<b>\$ 43,635</b>	<b>\$ 47,572</b>	<b>\$ 48,496</b>	<b>\$ 176,339</b>
QoQ Inc (Dec)	(0)%	4%	4%	4%	3%

### LTM Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'12	\$ 37,159	\$ 38,476	\$ 40,161	\$ 41,850	\$ 157,647
Inflows <sup>(a)</sup>	3,105	9,759	6,717	15,115	34,697
Outflows <sup>(b)</sup>	-	(1,531)	(3,342)	(2,029)	(6,901)
Realizations <sup>(c)</sup>	(3,639)	(3,136)	-	(8,340)	(15,115)
Net Inflows (Outflows)	(533)	5,092	3,375	4,746	12,681
Market Activity <sup>(d)</sup>	9	67	4,036	1,900	6,012
<b>2Q'13</b>	<b>\$ 36,635</b>	<b>\$ 43,635</b>	<b>\$ 47,572</b>	<b>\$ 48,496</b>	<b>\$ 176,339</b>
YoY Inc (Dec)	(1)%	13%	18%	16%	12%

Totals may not add due to rounding.

(a) Inflows: include contributions, capital raised, other increases in available capital, purchases and acquisitions.

(b) Outflows: represent redemptions, client withdrawals and other decreases in available capital.

(c) Realizations: represent realizations from the disposition of assets.

(d) Market Activity: gains (losses) on portfolio investments and impact of foreign exchange rate fluctuations.

## Total Assets Under Management Flows

- ▶ **Total AUM:** up \$39.3 billion or 21% from a year ago driven by strong inflows and market appreciation across Blackstone's investment segments.
  - Realization activity continued to improve and the funds returned \$8.6 billion to investors during the quarter and \$28.3 billion during the last twelve months.
- ▶ **Private Equity:** up 14% over the last twelve months driven by fundraising and market appreciation, which more than offset \$5.8 billion of realizations.
- ▶ **Real Estate:** grew 27% during the past year driven by fundraising from several investment vehicles, the BXMT acquisition and secondary offering, co-investment capital and market appreciation, partially offset by \$5.7 billion of realizations.
- ▶ **Hedge Fund Solutions:** increased 17% over the last twelve months due to strong net inflows and \$4.3 billion of market appreciation driven by solid returns.
- ▶ **Credit:** grew 23% during the past year on top of significant realizations due to strong net inflows, new fund launches and favorable market performance.

### 2Q'13 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'13	\$ 52,492	\$ 59,475	\$ 48,188	\$ 58,056	\$ 218,211
Inflows <sup>(a)</sup>	525	4,505	2,644	6,487	14,162
Outflows <sup>(b)</sup>	(24)	(521)	(1,152)	(327)	(2,024)
Realizations <sup>(c)</sup>	(1,648)	(2,243)	-	(2,705)	(6,597)
Net Inflows (Outflows)	(1,147)	1,741	1,492	3,455	5,541
Market Activity <sup>(d)</sup>	1,942	2,704	448	726	5,820
<b>2Q'13</b>	<b>\$ 53,287</b>	<b>\$ 63,920</b>	<b>\$ 50,128</b>	<b>\$ 62,237</b>	<b>\$ 229,572</b>
<i>QoQ Increase</i>	<i>2%</i>	<i>7%</i>	<i>4%</i>	<i>7%</i>	<i>5%</i>

### LTM Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'12	\$ 46,634	\$ 50,226	\$ 42,889	\$ 50,519	\$ 190,268
Inflows <sup>(a)</sup>	3,804	11,897	6,502	19,918	42,120
Outflows <sup>(b)</sup>	(483)	(754)	(3,541)	(2,260)	(7,038)
Realizations <sup>(c)</sup>	(5,845)	(5,731)	-	(9,671)	(21,246)
Net Inflows (Outflows)	(2,524)	5,413	2,961	7,986	13,836
Market Activity <sup>(d)</sup>	9,178	8,281	4,278	3,731	25,468
<b>2Q'13</b>	<b>\$ 53,287</b>	<b>\$ 63,920</b>	<b>\$ 50,128</b>	<b>\$ 62,237</b>	<b>\$ 229,572</b>
<i>YoY Increase</i>	<i>14%</i>	<i>27%</i>	<i>17%</i>	<i>23%</i>	<i>21%</i>

Totals may not add due to rounding.

(a) Inflows: include contributions, capital raised, other increases in available capital, purchases and acquisitions.

(b) Outflows: represent redemptions, client withdrawals and other decreases in available capital.

(c) Realizations: represent realizations from the disposition of assets.

(d) Market Activity: gains (losses) on portfolio investments and impact of foreign exchange rate fluctuations.

## Net Accrued Performance Fees and Carried Interest Status<sup>(a)</sup>

- ▶ Blackstone had \$2.5 billion of accrued performance fees, net of performance fee compensation, as of the end of the second quarter.
- ▶ BCP V and BREP Int'l II were below their respective carried interest thresholds as of quarter end.

(Dollars in Millions, Except per Unit Data)	Net Accrued Performance Fees <sup>(b)</sup>				Carried Interest Status (excl. SBS) <sup>(d)</sup>			
	1Q'13		2Q'13		Remaining Capital		Gain to Cross Carry Threshold	
			Per Unit <sup>(c)</sup>	Change vs. 1Q'13	@ FMV	@ Cost	Amount	% Change in TEV
<b>Private Equity</b>								
BCP IV Carried Interest	\$ 448	\$ 500	\$ 0.44	\$ 52	\$ 18,833	\$ 14,827	\$ 3,658	9%
BCP VI Carried Interest	40	63	0.06	23				
BEP Carried Interest	55	67	0.06	12				
Tactical Opportunities Carried Interest	2	3	0.00	1				
<b>Total Private Equity</b>	<b>545</b>	<b>633</b>	<b>0.56</b>	<b>88</b>				
<b>Real Estate</b>								
BREP V Carried Interest	490	552	0.49	62				
BREP VI Carried Interest	681	740	0.66	59				
BREP VII Carried Interest	133	189	0.17	56				
BREP Int'l I Carried Interest	2	2	0.00	-				
BREP Europe III Carried Interest	93	105	0.09	12				
BREDS Carried Interest	20	22	0.02	2				
BREDS Incentive Fees	7	7	0.01	-				
Asia Platform Incentive Fees	20	18	0.02	(2)				
<b>Total Real Estate</b>	<b>1,446</b>	<b>1,635</b>	<b>1.45</b>	<b>189</b>				
<b>Hedge Fund Solutions</b>								
Incentive Fees	60	67	0.06	7				
<b>Total Hedge Fund Solutions</b>	<b>60</b>	<b>67</b>	<b>0.06</b>	<b>7</b>				
<b>Credit</b>								
Carried Interest	143	129	0.11	(14)				
Incentive Fees	67	65	0.06	(2)				
<b>Total Credit</b>	<b>210</b>	<b>194</b>	<b>0.17</b>	<b>(16)</b>				
<b>Total Blackstone</b>								
Carried Interest	2,107	2,372	2.10	265				
Incentive Fees	154	157	0.14	3				
<b>Net Accrued Performance Fees</b>	<b>\$ 2,261</b>	<b>\$ 2,529</b>	<b>\$ 2.24</b>	<b>\$ 268</b>				
<i>Memo: Net Realized Performance Fees</i>	<i>\$ 45</i>	<i>\$ 38</i>	<i>\$ 0.03</i>	<i>\$ (7)</i>				

**\$2.5 billion**

Net Accrued Performance Fees at 2Q'13

**\$2.24 per unit<sup>(c)</sup>**

Net Accrued Performance Fees at 2Q'13

**44% increase**

in Net Accrued Performance Fees since 2Q'12

(a) Preliminary. Totals may not add due to rounding.

(b) Net Accrued Performance Fees are presented net of performance fee compensation and do not include clawback amounts, if any, which are disclosed in the 10-K/Q. As of 2Q 13, \$38 million of Net Accrued Performance Fees, primarily attributable to Real Estate, have been realized and included in Distributable Earnings. When these fees are received, the receivable will be reduced without further impacting Distributable Earnings.

(c) Per Unit calculations are based on quarter end Distributable Earnings Units Outstanding (see Appendix – Unit Rollforward).

(d) Represents the required increase in equity at the fund level (excluding side-by-side investments) for funds with expired investment periods that are currently not generating performance fees.

# Investment Records as of June 30, 2013<sup>(a)</sup>

(Dollars in Thousands, Except Where Noted)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)		
			Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total	
<b>Private Equity</b>												
BCP I (Oct 1987 / Oct 1993)	\$ 859,081	\$ -	\$ -	n/a	-	\$ 1,741,738	2.6x	\$ 1,741,738	2.6x	19%	19%	
BCP II (Oct 1993 / Aug 1997)	1,361,100	-	-	n/a	-	3,256,819	2.5x	3,256,819	2.5x	32%	32%	
BCP III (Aug 1997 / Nov 2002)	3,967,422	-	-	n/a	-	9,184,688	2.3x	9,184,688	2.3x	14%	14%	
BCOM (June 2000 / Jun 2006)	2,137,330	199,297	231,652	0.8x	10%	2,594,278	1.4x	2,825,930	1.3x	8%	6%	
BCP IV (Nov 2002 / Dec 2005)	6,773,138	243,895	5,010,674	2.0x	47%	15,452,013	3.1x	20,462,687	2.7x	52%	37%	
BCP V (Dec 2005 / Jan 2011)	21,035,415	1,562,756	20,315,852	1.3x	31%	5,931,630	1.3x	26,247,482	1.3x	4%	5%	
BCP VI (Jan 2011 / Jan 2016)	15,174,021	10,792,868	4,382,051	1.3x	28%	44,011	1.3x	4,426,062	1.3x	25%	10%	
BEP (Aug 2011 / Aug 2017)	2,426,693	1,412,175	1,237,088	2.1x	48%	39,384	1.3x	1,276,472	2.1x	35%	78%	
<b>Total Core Private Equity</b>	<b>\$ 53,734,200</b>	<b>\$ 14,210,991</b>	<b>\$ 31,177,317</b>	<b>1.4x</b>	<b>33%</b>	<b>\$ 38,244,561</b>	<b>2.2x</b>	<b>\$ 69,421,878</b>	<b>1.7x</b>	<b>21%</b>	<b>15%</b>	
Tactical Opportunities	2,820,713	2,245,194	635,081	1.1x	9%	29,136	1.2x	664,217	1.1x	76%	9%	
Other Funds and Co-Invest	1,129,896	315,948	279,748	0.4x	78%	-	n/a	279,748	0.4x	n/a	n/m	
<b>Total Private Equity</b>	<b>\$ 57,684,809</b>	<b>\$ 16,772,133</b>	<b>\$ 32,092,146</b>	<b>1.4x</b>	<b>33%</b>	<b>\$ 38,273,697</b>	<b>2.2x</b>	<b>\$ 70,365,843</b>	<b>1.7x</b>	<b>21%</b>	<b>15%</b>	
<b>Real Estate</b>												
<b>Dollar</b>												
Pre-BREP	\$ 140,714	\$ -	\$ -	n/a	-	\$ 345,190	2.5x	\$ 345,190	2.5x	33%	33%	
BREP I (Sep 1994 / Oct 1996)	380,708	-	-	n/a	-	1,327,708	2.8x	1,327,708	2.8x	40%	40%	
BREP II (Oct 1996 / Mar 1999)	1,198,339	-	-	n/a	-	2,531,613	2.1x	2,531,613	2.1x	19%	19%	
BREP III (Apr 1999 / Apr 2003)	1,522,708	-	2,161	0.1x	-	3,325,133	2.4x	3,327,294	2.4x	22%	21%	
BREP IV (Apr 2003 / Dec 2005)	2,198,694	-	1,285,568	0.9x	-	3,022,040	2.4x	4,307,608	1.6x	72%	14%	
BREP V (Dec 2005 / Feb 2007)	5,538,579	243,946	7,562,266	1.7x	-	2,411,318	1.7x	9,973,584	1.7x	41%	10%	
BREP VI (Feb 2007 / Aug 2011)	11,057,598	757,813	15,320,217	1.6x	2%	2,916,868	2.1x	18,237,085	1.7x	33%	10%	
BREP VII (Aug 2011 / Feb 2017)	13,394,287	7,339,227	8,188,411	1.3x	-	615,856	1.5x	8,804,267	1.3x	45%	31%	
BREP Asia (June 2013 / Dec 2017)	1,077,728	1,001,355	96,400	1.0x	-	-	n/a	96,400	1.0x	n/a	n/a	
<b>Total Global Real Estate Funds</b>	<b>\$ 36,509,355</b>	<b>\$ 9,342,341</b>	<b>\$ 32,455,023</b>	<b>1.5x</b>	<b>1%</b>	<b>\$ 16,495,726</b>	<b>2.1x</b>	<b>\$ 48,950,749</b>	<b>1.7x</b>	<b>28%</b>	<b>16%</b>	
BREP Co-Investment (e)	4,864,914	-	6,511,227	1.5x	-	622,289	1.4x	7,133,516	1.5x	12%	13%	
<b>Euro</b>												
BREP Int'I (Jan 2001 / Sep 2005)	€ 824,172	€ -	€ 108,530	1.2x	-	€ 1,231,355	2.2x	€ 1,339,885	2.0x	26%	23%	
BREP Int'I II (Sep 2005 / Jun 2008)	1,627,954	80,849	1,227,536	1.0x	-	198,004	1.2x	1,425,540	1.0x	3%	(1)%	
BREP Europe III (Jun 2008 / Dec 2013)	3,200,689	1,079,665	3,203,679	1.4x	-	77,034	1.4x	3,280,713	1.4x	45%	18%	
<b>Total Euro Funds</b>	<b>€ 5,652,815</b>	<b>€ 1,160,514</b>	<b>€ 4,539,745</b>	<b>1.3x</b>	<b>-</b>	<b>€ 1,506,393</b>	<b>1.9x</b>	<b>€ 6,046,138</b>	<b>1.4x</b>	<b>24%</b>	<b>9%</b>	
<b>Total Real Estate</b>	<b>\$ 48,502,370</b>	<b>\$ 10,895,283</b>	<b>\$ 45,075,708</b>	<b>1.5x</b>	<b>0%</b>	<b>\$ 19,006,783</b>	<b>2.1x</b>	<b>\$ 64,082,491</b>	<b>1.6x</b>	<b>27%</b>	<b>15%</b>	
Debt Strategies Drawdown (f)	\$ 4,835,852	\$ 2,236,071	\$ 2,396,901	1.3x	-	\$ 1,884,309	1.2x	\$ 4,281,210	1.2x	16%	13%	
<b>Credit (g)</b>												
Mezzanine	\$ 6,120,000	\$ 3,155,783	\$ 2,888,258	1.3x	-	\$ 3,661,626	1.6x	\$ 6,549,884	1.5x	n/a	20%	
Rescue Lending	8,293,176	5,391,504	3,760,797	1.3x	-	1,456,572	1.1x	5,217,369	1.3x	n/a	15%	
<b>Total Credit</b>	<b>\$ 14,413,176</b>	<b>\$ 8,547,287</b>	<b>\$ 6,649,055</b>	<b>1.3x</b>	<b>-</b>	<b>\$ 5,118,198</b>	<b>1.4x</b>	<b>\$ 11,767,253</b>	<b>1.4x</b>			

Notes on next page.

## Investment Records as of June 30, 2013 – Notes

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The returns presented herein represent those of the applicable Blackstone Funds and not those of The Blackstone Group L.P.

n/m Not meaningful.

n/a Not applicable.

(a) Preliminary.

(b) Available Capital represents total investable capital commitments, including side-by-side, adjusted for certain expenses and expired or callable capital, less invested capital. This amount is not reduced by outstanding commitments to investments.

(c) Multiple of Invested Capital (“MOIC”) represents carrying value, before management fees, expenses and Carried Interest, divided by invested capital.

(d) Net Internal Rate of Return (“IRR”) represents the annualized inception to June 30, 2013 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

(e) BREP Co-Investment represents co-investment capital raised for various BREP investments. The Net IRR reflected is calculated by aggregating each co-investment’s realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

(f) Excludes Capital Trust drawdown funds.

(g) The Total Investments MOIC for Mezzanine and Rescue Lending Funds, excluding recycled capital during the investment period, was 1.8x and 1.4x, respectively.

## Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13	YTD'12	YTD'13
<b>Net Income (Loss) Attributable to The Blackstone Group L.P.</b>	<b>\$ 58,325</b>	<b>\$ (74,964)</b>	<b>\$ 128,824</b>	<b>\$ 106,413</b>	<b>\$ 167,635</b>	<b>\$ 211,148</b>	<b>\$ (16,639)</b>	<b>\$ 378,783</b>
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	107,405	(53,027)	183,431	169,918	207,090	249,134	54,378	456,224
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	197,643	239,934	(157,607)	(180,011)	(9,452)	27,944	437,576	18,492
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	54,259	(17,666)	41,854	25,151	62,316	22,366	36,594	84,682
<b>Net Income</b>	<b>\$ 417,632</b>	<b>\$ 94,277</b>	<b>\$ 196,502</b>	<b>\$ 121,471</b>	<b>\$ 427,589</b>	<b>\$ 510,592</b>	<b>\$ 511,909</b>	<b>\$ 938,181</b>
Provision for Taxes	38,753	41,337	39,237	65,696	50,993	56,082	80,090	107,075
<b>Income Before Provision for Taxes</b>	<b>\$ 456,385</b>	<b>\$ 135,614</b>	<b>\$ 235,739</b>	<b>\$ 187,167</b>	<b>\$ 478,582</b>	<b>\$ 566,674</b>	<b>\$ 591,999</b>	<b>\$ 1,045,256</b>
IPO and Acquisition-Related Charges <sup>(a)</sup>	244,897	268,936	248,179	317,499	186,962	178,706	513,833	365,668
Amortization of Intangibles <sup>(b)</sup>	50,888	39,435	33,338	26,487	25,657	24,322	90,323	49,979
(Income) Loss Associated with Non-Controlling Interests in (Income) Loss of Consolidated Entities <sup>(c)</sup>	(251,902)	(222,268)	115,753	154,860	(52,864)	(50,310)	(474,170)	(103,174)
<b>Economic Income</b>	<b>\$ 500,268</b>	<b>\$ 221,717</b>	<b>\$ 633,009</b>	<b>\$ 686,013</b>	<b>\$ 638,337</b>	<b>\$ 719,392</b>	<b>\$ 721,985</b>	<b>\$ 1,357,729</b>
Taxes <sup>(d)</sup>	(9,051)	(9,368)	(11,257)	(16,032)	(10,031)	(16,152)	(18,419)	(26,183)
<b>Economic Net Income</b>	<b>\$ 491,217</b>	<b>\$ 212,349</b>	<b>\$ 621,752</b>	<b>\$ 669,981</b>	<b>\$ 628,306</b>	<b>\$ 703,240</b>	<b>\$ 703,566</b>	<b>\$ 1,331,546</b>
Taxes <sup>(d)</sup>	9,051	9,368	11,257	16,032	10,031	16,152	18,419	26,183
Performance Fee Adjustment <sup>(e)</sup>	(385,756)	(134,837)	(602,999)	(470,173)	(603,999)	(719,219)	(520,593)	(1,323,218)
Investment Income (Loss) Adjustment <sup>(f)</sup>	(83,406)	16,264	(107,432)	(111,670)	(134,771)	(97,119)	(67,142)	(231,890)
Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(g)</sup>	6,310	1,892	12,877	4,690	(1,729)	(21,452)	8,202	(23,181)
Performance Fee Compensation and Benefits Adjustment <sup>(h)</sup>	109,512	40,693	199,597	163,744	239,895	286,832	150,205	526,727
<b>Fee Related Earnings</b>	<b>\$ 146,928</b>	<b>\$ 145,729</b>	<b>\$ 135,052</b>	<b>\$ 272,604</b>	<b>\$ 137,733</b>	<b>\$ 168,434</b>	<b>\$ 292,657</b>	<b>\$ 306,167</b>
Realized Performance Fees <sup>(i)</sup>	6,649	54,147	68,905	262,710	218,952	147,231	60,796	366,183
Realized Investment Income <sup>(j)</sup>	23,492	9,360	25,098	37,448	38,110	54,586	32,852	92,696
Adjustment Related to Realized Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(k)</sup>	(5,897)	(1,280)	(8,251)	(6,444)	(3,820)	1,469	(7,177)	(2,351)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(l)</sup>	(9,051)	(19,552)	(31,169)	(72,553)	(12,148)	(44,220)	(28,603)	(56,368)
Equity-Based Compensation <sup>(m)</sup>	7,846	6,809	6,813	68,572	12,085	10,985	14,655	23,070
<b>Distributable Earnings</b>	<b>\$ 169,967</b>	<b>\$ 195,213</b>	<b>\$ 196,448</b>	<b>\$ 562,337</b>	<b>\$ 390,912</b>	<b>\$ 338,485</b>	<b>\$ 365,180</b>	<b>\$ 729,397</b>
Interest Expense	13,554	12,850	18,163	24,585	26,069	25,960	26,404	52,029
Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(l)</sup>	9,051	19,552	31,169	72,553	12,148	44,220	28,603	56,368
Depreciation and Amortization	10,268	10,391	8,895	12,681	8,643	9,116	20,659	17,759
<b>Adjusted EBITDA</b>	<b>\$ 202,840</b>	<b>\$ 238,006</b>	<b>\$ 254,675</b>	<b>\$ 672,156</b>	<b>\$ 437,772</b>	<b>\$ 417,781</b>	<b>\$ 440,846</b>	<b>\$ 855,553</b>

See notes following this reconciliation.

## Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	2008	2009	2010	2011	2012
<b>Net Income (Loss) Attributable to The Blackstone Group L.P.</b>	<b>\$ (1,163,032)</b>	<b>\$ (715,291)</b>	<b>\$ (370,028)</b>	<b>\$ (168,303)</b>	<b>\$ 218,598</b>
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	(3,638,799)	(1,792,174)	(668,444)	(83,234)	407,727
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	(159,828)	(14,328)	343,498	7,953	99,959
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(632,495)	131,097	87,651	(24,869)	103,598
<b>Net Income (Loss)</b>	<b>\$ (5,594,154)</b>	<b>\$ (2,390,696)</b>	<b>\$ (607,323)</b>	<b>\$ (268,453)</b>	<b>\$ 829,882</b>
Provision (Benefit) for Taxes	(14,145)	99,230	84,669	345,711	185,023
<b>Income (Loss) Before Provision (Benefit) for Taxes</b>	<b>\$ (5,608,299)</b>	<b>\$ (2,291,466)</b>	<b>\$ (522,654)</b>	<b>\$ 77,258</b>	<b>\$ 1,014,905</b>
IPO and Acquisition-Related Charges <sup>(a)</sup>	3,331,722	2,973,950	2,369,195	1,269,932	1,079,511
Amortization of Intangibles <sup>(b)</sup>	153,237	158,048	165,378	220,865	150,148
Other Adjustments	999	-	-	-	-
(Income) Loss Associated with Non-Controlling Interests in (Income) Loss of Consolidated Entities <sup>(c)</sup>	792,323	(116,769)	(431,149)	16,916	(203,557)
<b>Economic Income (Loss)</b>	<b>\$ (1,330,018)</b>	<b>\$ 723,763</b>	<b>\$ 1,580,770</b>	<b>\$ 1,584,971</b>	<b>\$ 2,041,007</b>
Taxes <sup>(d)</sup>	(43,457)	(51,086)	(28,932)	(45,763)	(45,708)
<b>Economic Net Income (Loss)</b>	<b>\$ (1,373,475)</b>	<b>\$ 672,677</b>	<b>\$ 1,551,838</b>	<b>\$ 1,539,208</b>	<b>\$ 1,995,299</b>
Taxes <sup>(d)</sup>	43,457	51,086	28,932	45,763	45,708
Performance Fee Adjustment <sup>(e)</sup>	1,247,249	(240,131)	(926,289)	(1,174,526)	(1,593,765)
Investment Income (Loss) Adjustment <sup>(f)</sup>	756,611	(33,424)	(548,549)	(185,264)	(286,244)
Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(g)</sup>	-	12,367	15,277	4,600	25,769
Performance Fee Compensation and Benefits Adjustment <sup>(h)</sup>	(202,717)	(1,079)	356,962	316,712	513,546
<b>Fee Related Earnings</b>	<b>\$ 471,125</b>	<b>\$ 461,496</b>	<b>\$ 478,171</b>	<b>\$ 546,493</b>	<b>\$ 700,313</b>
Realized Performance Fees <sup>(i)</sup>	34,016	49,160	233,347	128,409	392,411
Realized Investment Income (Loss) <sup>(j)</sup>	(64,677)	29,544	46,915	102,575	95,398
Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(k)</sup>	-	(10,142)	(7,782)	(6,057)	(21,872)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(l)</sup>	(43,457)	(51,086)	(48,867)	(74,696)	(132,325)
Equity-Based Compensation <sup>(m)</sup>	64,288	66,789	68,900	84,626	90,040
<b>Distributable Earnings</b>	<b>\$ 461,295</b>	<b>\$ 545,761</b>	<b>\$ 770,684</b>	<b>\$ 781,350</b>	<b>\$ 1,123,965</b>
Interest Expense	19,992	10,238	36,666	53,201	69,152
Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(l)</sup>	43,457	51,086	48,867	74,696	132,325
Depreciation and Amortization	19,639	23,750	26,629	32,764	42,235
<b>Adjusted EBITDA</b>	<b>\$ 544,383</b>	<b>\$ 630,835</b>	<b>\$ 882,846</b>	<b>\$ 942,011</b>	<b>\$ 1,367,677</b>

See notes following this reconciliation.

## Reconciliation of GAAP to Non-GAAP Measures – Notes

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Note: See Appendix – Definitions and Distribution Policy.

- (a) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for Transaction-Related Charges which include principally equity-based compensation charges associated with Blackstone’s initial public offering and long-term retention programs outside of annual deferred compensation and other corporate actions.
- (b) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for the Amortization of Intangibles which are associated with Blackstone’s initial public offering and other corporate actions.
- (c) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes the amount of (Income) Loss Associated with Non-Controlling Interests in (Income) Loss of Consolidated Entities and includes the amount of Management Fee Revenues associated with Consolidated CLO Entities.
- (d) Taxes represent the current tax provision (benefit) calculated on Income (Loss) Before Provision (Benefit) for Taxes.
- (e) This adjustment removes from EI the total segment amount of Performance Fees.
- (f) This adjustment removes from EI the total segment amount of Investment Income (Loss).
- (g) This adjustment represents the realized and unrealized gain on Blackstone’s Treasury Cash Management Strategies which are a component of Investment Income (Loss) but included in Fee Related Earnings.
- (h) This adjustment removes from expenses the compensation and benefit amounts related to Blackstone’s profit sharing plans related to Performance Fees.
- (i) Represents the adjustment for realized Performance Fees net of corresponding actual amounts due under Blackstone’s profit sharing plans related thereto.
- (j) Represents the adjustment for Blackstone’s Investment Income (Loss) - Realized.
- (k) Represents the elimination of Realized Investment Income attributable to Blackstone’s Treasury Cash Management Strategies which is a component of both Fee Related Earnings and Realized Investment Income (Loss).
- (l) Taxes and Related Payables Including Payable Under Tax Receivable Agreement represent the current tax provision (benefit) calculated on Income (Loss) Before Provision (Benefit) for Taxes and the Payable Under Tax Receivable Agreement.
- (m) Represents equity-based award expense included in Economic Income.



# Walkdown of Financial Metrics

(Dollars in Thousands)

	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13	YTD'12	YTD'13	
▶ Base Management Fees <sup>(a)</sup>	\$ 395,506	\$ 381,344	\$ 398,088	\$ 416,465	\$ 408,747	\$ 425,674	\$ 776,850	\$ 834,421	Fee Earnings
▶ Advisory Fees <sup>(a)</sup>	75,846	93,372	59,951	128,248	67,020	120,734	169,218	187,754	
▶ Transaction and Other Fees, Net <sup>(a)</sup>	38,471	49,453	45,126	94,069	37,974	66,464	87,924	104,438	
▶ Management Fee Offsets <sup>(a)</sup>	(13,050)	(7,973)	(8,454)	(11,476)	(9,662)	(10,535)	(21,023)	(20,197)	
▶ Interest Income and Other Revenue <sup>(b)</sup>	14,448	11,455	27,358	24,287	15,075	(7,274)	25,903	7,801	
▶ Compensation <sup>(a)</sup>	(254,772)	(268,884)	(259,561)	(247,559)	(266,977)	(306,477)	(523,656)	(573,454)	
▶ Other Operating Expenses <sup>(a)</sup>	(109,521)	(113,038)	(127,456)	(131,430)	(114,444)	(120,152)	(222,559)	(234,596)	
<b>Fee Related Earnings</b>	<b>\$ 146,928</b>	<b>\$ 145,729</b>	<b>\$ 135,052</b>	<b>\$ 272,604</b>	<b>\$ 137,733</b>	<b>\$ 168,434</b>	<b>\$ 292,657</b>	<b>\$ 306,167</b>	Distributable Earnings
▶ Net Realized Incentive Fees <sup>(b)</sup>	1,027	6,117	7,163	147,115	14,219	39,853	7,144	54,072	
▶ Net Realized Carried Interest <sup>(b)</sup>	5,622	48,030	61,742	115,595	204,733	107,378	53,652	312,111	
▶ Net Realized Investment Income <sup>(b)</sup>	17,595	8,080	16,847	31,004	34,290	56,055	25,675	90,345	
▶ Taxes and Related Payables <sup>(c)</sup>	(9,051)	(19,552)	(31,169)	(72,553)	(12,148)	(44,220)	(28,603)	(56,368)	
▶ Equity-Based Compensation <sup>(d)</sup>	7,846	6,809	6,813	68,572	12,085	10,985	14,655	23,070	
<b>Distributable Earnings</b>	<b>\$ 169,967</b>	<b>\$ 195,213</b>	<b>\$ 196,448</b>	<b>\$ 562,337</b>	<b>\$ 390,912</b>	<b>\$ 338,485</b>	<b>\$ 365,180</b>	<b>\$ 729,397</b>	Economic Net Income
▶ Net Unrealized Incentive Fees <sup>(b)</sup>	55,342	(7,478)	59,895	(92,542)	63,277	1,274	47,864	64,551	
▶ Net Unrealized Carried Interest <sup>(b)</sup>	214,253	47,475	274,602	136,261	81,875	283,882	261,728	365,757	
▶ Net Unrealized Investment Income (Loss) <sup>(b)</sup>	59,501	(26,236)	77,708	75,976	102,210	62,516	33,265	164,726	
▶ Add Back: Related Payables <sup>(e)</sup>	-	10,184	19,912	56,521	2,117	28,068	10,184	30,185	
▶ Less: Equity-Based Compensation <sup>(d)</sup>	(7,846)	(6,809)	(6,813)	(68,572)	(12,085)	(10,985)	(14,655)	(23,070)	
<b>Economic Net Income</b>	<b>\$ 491,217</b>	<b>\$ 212,349</b>	<b>\$ 621,752</b>	<b>\$ 669,981</b>	<b>\$ 628,306</b>	<b>\$ 703,240</b>	<b>\$ 703,566</b>	<b>\$ 1,331,546</b>	

(a) Represents the total segment amounts of the respective captions.

(b) See Walkdown of Financial Metrics - Calculation of Certain Non-GAAP Financial Metric Components for details.

(c) Represents the current tax provision (benefit) calculated on Income (Loss) Before Provision (Benefit) for Taxes and the Payable Under Tax Receivable Agreement.

(d) Represents equity-based award expense included in Economic Income.

(e) Represents tax-related payables including the Payable Under Tax Receivable Agreement.

# Walkdown of Financial Metrics

(Dollars in Thousands)

	2008	2009	2010	2011	2012		
▶ Base Management Fees <sup>(a)</sup>	\$ 1,041,718	\$ 999,829	\$ 1,069,471	\$ 1,281,185	\$ 1,591,403	Fee Earnings	Distributable Earnings
▶ Advisory Fees <sup>(a)</sup>	397,519	390,718	426,140	382,240	357,417		
▶ Transaction and Other Fees, Net <sup>(a)</sup>	96,358	115,040	137,748	247,513	227,119		
▶ Management Fee Offsets <sup>(a)</sup>	(16,437)	(17,161)	(2,313)	(33,393)	(40,953)		
▶ Interest Income and Other Revenue <sup>(b)</sup>	42,609	41,955	50,755	50,859	77,548		
▶ Compensation <sup>(a)</sup>	(771,426)	(769,856)	(859,114)	(960,569)	(1,030,776)		
▶ Other Operating Expenses <sup>(a)</sup>	(319,216)	(299,029)	(344,516)	(421,342)	(481,445)		
<b>Fee Related Earnings</b>	<b>\$ 471,125</b>	<b>\$ 461,496</b>	<b>\$ 478,171</b>	<b>\$ 546,493</b>	<b>\$ 700,313</b>		
▶ Net Realized Incentive Fees <sup>(b)</sup>	5,642	22,552	59,100	33,117	161,422	Distributable Earnings	Economic Net Income
▶ Net Realized Carried Interest <sup>(b)</sup>	28,374	26,608	174,247	95,292	230,989		
▶ Net Realized Investment Income (Loss) <sup>(b)</sup>	(64,677)	19,402	39,133	96,518	73,526		
▶ Taxes and Related Payables <sup>(c)</sup>	(43,457)	(51,086)	(48,867)	(74,696)	(132,325)		
▶ Equity-Based Compensation <sup>(d)</sup>	64,288	66,789	68,900	84,626	90,040		
<b>Distributable Earnings</b>	<b>\$ 461,295</b>	<b>\$ 545,761</b>	<b>\$ 770,684</b>	<b>\$ 781,350</b>	<b>\$ 1,123,965</b>		
▶ Net Unrealized Incentive Fees <sup>(b)</sup>	(8,483)	21,922	44,318	(4,169)	15,217	Economic Net Income (Loss)	
▶ Net Unrealized Carried Interest <sup>(b)</sup>	(1,070,065)	170,128	291,662	733,574	672,591		
▶ Net Unrealized Investment Income (Loss) <sup>(b)</sup>	(691,934)	1,655	494,139	84,146	186,949		
▶ Add Back: Related Payables <sup>(e)</sup>	-	-	19,935	28,933	86,617		
▶ Less: Equity-Based Compensation <sup>(d)</sup>	(64,288)	(66,789)	(68,900)	(84,626)	(90,040)		
<b>Economic Net Income (Loss)</b>	<b>\$ (1,373,475)</b>	<b>\$ 672,677</b>	<b>\$ 1,551,838</b>	<b>\$ 1,539,208</b>	<b>\$ 1,995,299</b>		

(a) Represents the total segment amounts of the respective captions.

(b) See Walkdown of Financial Metrics - Calculation of Certain Non-GAAP Financial Metric Components for details.

(c) Represents the current tax provision (benefit) calculated on Income (Loss) Before Provision (Benefit) for Taxes and the Payable Under Tax Receivable Agreement.

(d) Represents equity-based award expense included in Economic Income.

(e) Represents tax-related payables including the Payable Under Tax Receivable Agreement.

## Walkdown of Financial Metrics – Calculation of Certain Non-GAAP Financial Metric Components

(Dollars in Thousands)	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13	YTD'12	YTD'13
Interest Income and Dividend Revenue	\$ 9,345	\$ 10,391	\$ 12,004	\$ 14,890	\$ 14,661	\$ 15,342	\$ 19,736	\$ 30,003
Other Revenue	(1,207)	(828)	2,477	4,707	2,143	(1,164)	(2,035)	979
Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	6,310	1,892	12,877	4,690	(1,729)	(21,452)	8,202	(23,181)
<b>Interest Income and Other Revenue</b>	<b>\$ 14,448</b>	<b>\$ 11,455</b>	<b>\$ 27,358</b>	<b>\$ 24,287</b>	<b>\$ 15,075</b>	<b>\$ (7,274)</b>	<b>\$ 25,903</b>	<b>\$ 7,801</b>
Realized Incentive Fees	5,279	11,692	11,620	272,873	24,727	74,867	16,971	99,594
Less: Realized Incentive Fee Compensation	(4,252)	(5,575)	(4,457)	(125,758)	(10,508)	(35,014)	(9,827)	(45,522)
<b>Net Realized Incentive Fees</b>	<b>\$ 1,027</b>	<b>\$ 6,117</b>	<b>\$ 7,163</b>	<b>\$ 147,115</b>	<b>\$ 14,219</b>	<b>\$ 39,853</b>	<b>\$ 7,144</b>	<b>\$ 54,072</b>
Realized Carried Interest	13,560	55,929	83,765	174,168	294,170	183,288	69,489	477,458
Less: Realized Carried Interest Compensation	(7,938)	(7,899)	(22,023)	(58,573)	(89,437)	(75,910)	(15,837)	(165,347)
<b>Net Realized Carried Interest</b>	<b>\$ 5,622</b>	<b>\$ 48,030</b>	<b>\$ 61,742</b>	<b>\$ 115,595</b>	<b>\$ 204,733</b>	<b>\$ 107,378</b>	<b>\$ 53,652</b>	<b>\$ 312,111</b>
Realized Investment Income	23,492	9,360	25,098	37,448	38,110	54,586	32,852	92,696
Adjustment Related to Realized Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	(5,897)	(1,280)	(8,251)	(6,444)	(3,820)	1,469	(7,177)	(2,351)
<b>Net Realized Investment Income</b>	<b>\$ 17,595</b>	<b>\$ 8,080</b>	<b>\$ 16,847</b>	<b>\$ 31,004</b>	<b>\$ 34,290</b>	<b>\$ 56,055</b>	<b>\$ 25,675</b>	<b>\$ 90,345</b>
<b>Equity-Based Compensation<sup>(b)</sup></b>	<b>\$ 7,846</b>	<b>\$ 6,809</b>	<b>\$ 6,813</b>	<b>\$ 68,572</b>	<b>\$ 12,085</b>	<b>\$ 10,985</b>	<b>\$ 14,655</b>	<b>\$ 23,070</b>
Unrealized Incentive Fees	68,121	(17,074)	104,149	(184,507)	107,755	4,358	51,047	112,113
Less: Unrealized Incentive Fee Compensation	(12,779)	9,596	(44,254)	91,965	(44,478)	(3,084)	(3,183)	(47,562)
<b>Net Unrealized Incentive Fees</b>	<b>\$ 55,342</b>	<b>\$ (7,478)</b>	<b>\$ 59,895</b>	<b>\$ (92,542)</b>	<b>\$ 63,277</b>	<b>\$ 1,274</b>	<b>\$ 47,864</b>	<b>\$ 64,551</b>
Unrealized Carried Interest	298,796	84,290	403,465	207,639	177,347	456,706	383,086	634,053
Less: Unrealized Carried Interest Compensation	(84,543)	(36,815)	(128,863)	(71,378)	(95,472)	(172,824)	(121,358)	(268,296)
<b>Net Unrealized Carried Interest</b>	<b>\$ 214,253</b>	<b>\$ 47,475</b>	<b>\$ 274,602</b>	<b>\$ 136,261</b>	<b>\$ 81,875</b>	<b>\$ 283,882</b>	<b>\$ 261,728</b>	<b>\$ 365,757</b>
Unrealized Investment Income (Loss)	59,914	(25,624)	82,334	74,222	96,661	42,533	34,290	139,194
Less: Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	(6,310)	(1,892)	(12,877)	(4,690)	1,729	21,452	(8,202)	23,181
Less: Adjustment Related to Realized Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	5,897	1,280	8,251	6,444	3,820	(1,469)	7,177	2,351
<b>Net Unrealized Investment Income (Loss)</b>	<b>\$ 59,501</b>	<b>\$ (26,236)</b>	<b>\$ 77,708</b>	<b>\$ 75,976</b>	<b>\$ 102,210</b>	<b>\$ 62,516</b>	<b>\$ 33,265</b>	<b>\$ 164,726</b>
<b>Related Payables<sup>(c)</sup></b>	<b>\$ -</b>	<b>\$ 10,184</b>	<b>\$ 19,912</b>	<b>\$ 56,521</b>	<b>\$ 2,117</b>	<b>\$ 28,068</b>	<b>\$ 10,184</b>	<b>\$ 30,185</b>

Unless otherwise noted, all amounts are the respective captions from the Total Segment information.

(a) See Appendix - Reconciliation of GAAP to Non-GAAP Measures for this adjustment.

(b) Represents equity-based award expense included in Economic Income.

(c) Represents tax-related payables including the Payable Under Tax Receivable Agreement.

## Walkdown of Financial Metrics – Calculation of Certain Non-GAAP Financial Metric Components

(Dollars in Thousands)	2008	2009	2010	2011	2012
Interest Income and Dividend Revenue	\$ 29,014	\$ 22,492	\$ 36,096	\$ 38,844	\$ 46,630
Other Revenue	13,595	7,096	(618)	7,415	5,149
Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	-	12,367	15,277	4,600	25,769
<b>Interest Income and Other Revenue</b>	<b>\$ 42,609</b>	<b>\$ 41,955</b>	<b>\$ 50,755</b>	<b>\$ 50,859</b>	<b>\$ 77,548</b>
Realized Incentive Fees	12,060	44,812	116,700	89,029	301,464
Less: Realized Incentive Fee Compensation	(6,418)	(22,260)	(57,600)	(55,912)	(140,042)
<b>Net Realized Incentive Fees</b>	<b>\$ 5,642</b>	<b>\$ 22,552</b>	<b>\$ 59,100</b>	<b>\$ 33,117</b>	<b>\$ 161,422</b>
Realized Carried Interest	26,953	29,452	244,963	138,907	327,422
Less: Realized Carried Interest Compensation	1,421	(2,844)	(70,716)	(43,615)	(96,433)
<b>Net Realized Carried Interest</b>	<b>\$ 28,374</b>	<b>\$ 26,608</b>	<b>\$ 174,247</b>	<b>\$ 95,292</b>	<b>\$ 230,989</b>
Realized Investment Income (Loss)	(64,677)	29,544	46,915	102,575	95,398
Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	-	(10,142)	(7,782)	(6,057)	(21,872)
<b>Net Realized Investment Income</b>	<b>\$ (64,677)</b>	<b>\$ 19,402</b>	<b>\$ 39,133</b>	<b>\$ 96,518</b>	<b>\$ 73,526</b>
<b>Equity-Based Compensation<sup>(b)</sup></b>	<b>\$ 64,288</b>	<b>\$ 66,789</b>	<b>\$ 68,900</b>	<b>\$ 84,626</b>	<b>\$ 90,040</b>
Unrealized Incentive Fees	(11,935)	65,563	107,624	(24,928)	(29,311)
Less: Unrealized Incentive Fee Compensation	3,452	(43,641)	(63,306)	20,759	44,528
<b>Net Unrealized Incentive Fees</b>	<b>\$ (8,483)</b>	<b>\$ 21,922</b>	<b>\$ 44,318</b>	<b>\$ (4,169)</b>	<b>\$ 15,217</b>
Unrealized Carried Interest	(1,274,327)	100,304	457,002	971,518	994,190
Less: Unrealized Carried Interest Compensation	204,262	69,824	(165,340)	(237,944)	(321,599)
<b>Net Unrealized Carried Interest</b>	<b>\$ (1,070,065)</b>	<b>\$ 170,128</b>	<b>\$ 291,662</b>	<b>\$ 733,574</b>	<b>\$ 672,591</b>
Unrealized Investment Income (Loss)	(691,934)	3,880	501,634	82,689	190,846
Less: Investment Loss - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	-	(12,367)	(15,277)	(4,600)	(25,769)
Less: Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	-	10,142	7,782	6,057	21,872
<b>Net Unrealized Investment Income (Loss)</b>	<b>\$ (691,934)</b>	<b>\$ 1,655</b>	<b>\$ 494,139</b>	<b>\$ 84,146</b>	<b>\$ 186,949</b>
<b>Related Payables<sup>(c)</sup></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,935</b>	<b>\$ 28,933</b>	<b>\$ 86,617</b>

Unless otherwise noted, all amounts are the respective captions from the Total Segment information.

(a) See Appendix - Reconciliation of GAAP to Non-GAAP Measures for this adjustment.

(b) Represents equity-based award expense included in Economic Income.

(c) Represents tax-related payables including the Payable Under Tax Receivable Agreement.

## Unit Rollforward

	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13	YTD'12	YTD'13
Total GAAP Weighted-Average Common Units Outstanding - Basic	506,985,529	528,778,977	544,716,399	553,989,577	582,322,183	583,843,094	517,882,253	583,086,840
<i>Adjustments:</i>								
Weighted-Average Unvested Deferred Restricted Common Units	10,404,029	-	2,207,204	2,430,014	3,377,716	2,919,959	-	3,148,837
<b>Total GAAP Weighted-Average Common Units Outstanding - Diluted</b>	<b>517,389,558</b>	<b>528,778,977</b>	<b>546,923,603</b>	<b>556,419,591</b>	<b>585,699,899</b>	<b>586,763,053</b>	<b>517,882,253</b>	<b>586,235,677</b>
<i>Adjustments:</i>								
Weighted-Average Blackstone Holdings Partnership Units	602,817,069	591,155,160	586,762,611	581,202,276	557,463,170	555,224,714	596,986,114	556,337,696
Weighted-Average Unvested Deferred Restricted Common Units	-	4,820,609	-	-	-	-	7,612,319	-
<b>Weighted-Average Economic Net Income Adjusted Units</b>	<b>1,120,206,627</b>	<b>1,124,754,746</b>	<b>1,133,686,214</b>	<b>1,137,621,867</b>	<b>1,143,163,069</b>	<b>1,141,987,767</b>	<b>1,122,480,686</b>	<b>1,142,573,373</b>
<b>Economic Net Income Adjusted Units, End of Period</b>	<b>1,119,829,138</b>	<b>1,122,067,386</b>	<b>1,133,637,141</b>	<b>1,143,019,281</b>	<b>1,143,893,134</b>	<b>1,142,576,555</b>	<b>1,122,067,386</b>	<b>1,142,576,555</b>
Total Common Units Outstanding <sup>(a)</sup>	510,868,415	525,464,110	537,299,585	568,600,922	573,275,746	576,466,264	525,464,110	576,466,264
<i>Adjustments:</i>								
Blackstone Holdings Partnership Units	597,566,417	585,315,742	584,690,200	553,614,040	554,603,708	550,902,208	585,315,742	550,902,208
<b>Distributable Earnings Units Outstanding<sup>(b)</sup></b>	<b>1,108,434,832</b>	<b>1,110,779,852</b>	<b>1,121,989,785</b>	<b>1,122,214,962</b>	<b>1,127,879,454</b>	<b>1,127,368,472</b>	<b>1,110,779,852</b>	<b>1,127,368,472</b>

(a) Common Unitholders receive Tax Benefits from deductions taken by Blackstone's corporate tax paying subsidiaries and bear responsibility for the deduction from Distributable Earnings of the Payable Under Tax Receivable Agreement and certain other tax-related payables.

(b) Excludes units which are not entitled to distributions.

## Definitions and Distribution Policy

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Blackstone discloses the following financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America (“non-GAAP”) in this presentation:

- Blackstone uses Economic Income, or “EI”, as a key measure of value creation, a benchmark of its performance and in making resource deployment and compensation decisions across its five segments. EI represents segment net income before taxes excluding transaction-related charges. Transaction-related charges arise from Blackstone’s initial public offering (“IPO”) and long-term retention programs outside of annual deferred compensation and other corporate actions, including acquisitions. Transaction-related charges include equity-based compensation charges, the amortization of intangible assets and contingent consideration associated with acquisitions. EI presents revenues and expenses on a basis that deconsolidates the investment funds Blackstone manages.
- Economic Net Income, or “ENI”, represents EI adjusted to include current period taxes. Taxes represent the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes.
- Blackstone uses Fee Related Earnings, or “FRE”, as a key measure to highlight earnings from operations excluding: (a) the income related to performance fees and related carry plan costs, (b) income earned from Blackstone’s investments in the Blackstone Funds, and (c) realized and unrealized gains (losses) from other investments except for such gains (losses) from Blackstone’s Treasury cash management strategies. Blackstone uses FRE as a measure to assess whether recurring revenue from its businesses is sufficient to adequately cover all of its operating expenses and generate profits. FRE equals contractual fee revenues, investment income from Blackstone’s Treasury cash management strategies and interest income, less (a) compensation expenses (which includes amortization of non-IPO and non-acquisition-related equity-based awards, but excludes amortization of IPO and acquisition-related equity-based awards, carried interest and incentive fee compensation), and (b) other operating expenses.
- Distributable Earnings, or “DE”, which is derived from Blackstone’s segment reported results, is a supplemental measure to assess performance and amounts available for distributions to Blackstone unitholders, including Blackstone personnel and others who are limited partners of the Blackstone Holdings partnerships. DE is intended to show the amount of net realized earnings without the effects of the consolidation of the Blackstone Funds. DE, which is a component of ENI, is the sum across all segments of: (a) Total Management and Advisory Fees, (b) Interest and Dividend Revenue, (c) Other Revenue, (d) Realized Performance Fees, and (e) Realized Investment Income (Loss); less (a) Compensation, excluding the expense of equity-based awards, (b) Realized Performance Fee Compensation, (c) Other Operating Expenses, and (d) Taxes and Related Payables Including the Payable Under Tax Receivable Agreement. DE is reconciled to Blackstone’s Consolidated Statement of Operations.
- Blackstone uses Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization, or “Adjusted EBITDA”, as a measure of segment performance and an indicator of its ability to cover recurring operating expenses. Adjusted EBITDA equals DE before segment interest expense, segment depreciation and amortization, and the taxes and related payables including the Payable Under Tax Receivable Agreement.
- Net Cash Available for Distribution to Common Unitholders is The Blackstone Group L.P.’s share of Distributable Earnings, less realized investment gains and returns of capital from investments and acquisitions, in excess of amounts determined by Blackstone’s general partner to be necessary or appropriate to provide for the conduct of its business, to make appropriate investments in its business and funds, to comply with applicable law, any of its debt instruments or other agreements, or to provide for future cash requirements such as tax-related payments, clawback obligations and distributions to unitholders for any ensuing quarter.

Distribution Policy. For 2013, Blackstone’s intention is to distribute to common unitholders each quarter substantially all of its Net Cash Available for Distribution to Common Unitholders, subject to a minimum base quarterly distribution of \$0.12 per unit. In circumstances in which the Net Cash Available for Distribution to Common Unitholders for a quarter falls short of the amount necessary to support such per unit distribution, Blackstone intends to correspondingly reduce subsequent quarterly distributions below the amounts supported by the Net Cash Available for Distribution to Common Unitholders by the amount of the shortfall, but not below \$0.12 per unit. All of the foregoing is subject to the qualification that the declaration and payment of any distributions are at the sole discretion of Blackstone’s general partner and may change at any time, including, without limitation, to reduce the quarterly distribution payable to common unitholders to less than \$0.12 per unit or even to eliminate such distributions entirely.

## Forward-Looking Statements

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