



## **Blackstone Reports Record Full Year and Fourth Quarter 2013 Results**

**New York, January 30, 2014:** Blackstone (NYSE:BX) today reported its full year and fourth quarter 2013 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “I am very pleased with our fourth quarter results, which capped a record year for Blackstone. Strong growth and investment performance across all of our businesses drove record full year revenues of \$6.6 billion, up 63% year-over-year, and economic net income of \$3.5 billion, up 76%. 2013 was also one of the firm’s best years in terms of investment performance, helped by four successful initial public offerings in the fourth quarter. These investments provide a good illustration of how our long-term fund structures benefit our investors, and how our patient approach toward improving assets can ultimately drive better earnings growth and fund performance. Our limited partner investors recognize this, and continue to entrust us with more of their capital to manage. We ended the year with a record \$266 billion in total assets under management, up 26% year-over-year.”

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

### **Distribution**

Blackstone has declared a quarterly distribution of \$0.58 per common unit to record holders of common units at the close of business on February 10, 2014. This distribution will be paid on February 18, 2014.

### **Quarterly Investor Call Details**

Blackstone will host a conference call on January 30, 2014 at 11:00 a.m. ET to discuss full year and fourth quarter 2013 results. The conference call can be accessed via the Investors section of Blackstone’s website at [www.Blackstone.com](http://www.Blackstone.com) 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 on [www.Blackstone.com](http://www.Blackstone.com) or by dialing +1 (888) 286-8010 (U.S. domestic) or +1 (617) 801-6888 (international), pass code 348 115 94#.

### **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 asset management businesses include investment vehicles focused on private

equity, real estate, hedge fund solutions, non-investment grade credit, secondary funds, and multi asset class exposures falling outside of other funds' mandates. 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 Blackstone 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 Full Year and Fourth Quarter 2013 Earnings

January 30, 2014

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*“Our record results in 2013 illustrate how our long-term fund structures benefit our investors, and how our patient approach toward improving assets can ultimately drive better earnings growth and fund performance.”*

*Stephen A. Schwarzman  
Chairman and Founder*

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## **Blackstone's Record Full Year and Fourth Quarter 2013 Earnings**

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- ▶ Blackstone's record \$3.5 billion of Economic Net Income ("ENI") was driven by its best year of overall investment performance.
  - ENI was \$1.5 billion (\$1.35/unit) for the quarter and \$3.5 billion (\$3.07/unit) for the full year.
- ▶ Full year Distributable Earnings ("DE") continued to accelerate to \$1.9 billion (\$1.56/unit), up 66%.
  - Distributable Earnings were \$0.68/unit for the fourth quarter, driven by Realized Performance Fees and Realized Investment Income totaling \$694 million.
  - Fund activity generated \$1.4 billion of Realized Performance Fees, up 126% for the year.
  - Fee Related Earnings rose to \$745 million driven by 18% growth in Fee-Earning Assets Under Management.
- ▶ GAAP Net Income was \$621 million for the quarter and \$1.2 billion for the year, net of certain non-cash IPO and transaction related expenses and non-controlling interests, mainly inside ownership.
- ▶ Total Assets Under Management ("AUM") reached \$266 billion, up 26% year-over-year with double-digit increases across all investing businesses, through a combination of strong inflows and appreciation.
  - Gross asset inflows totaled \$17 billion in the fourth quarter and \$60 billion for the year.
  - Blackstone's funds returned \$38 billion<sup>(a)</sup> of capital to investors during 2013.

(a) See Total Assets Under Management – FY'13 Total AUM Rollforward, notes (b) and (c) (see page 13).

## Blackstone's Record Full Year and Fourth Quarter 2013 Earnings

(Dollars in Thousands, Except per Unit Data)	4Q'12	4Q'13	% Change vs. 4Q'12	FY'12	FY'13	% Change vs. FY'12
Fee Revenues	\$ 646,903	\$ 648,246	0%	\$ 2,186,765	\$ 2,367,322	8%
Performance Fees	470,173	1,688,219	259%	1,593,765	3,556,373	123%
Investment Income	111,670	356,743	219%	286,244	687,805	140%
<b>Total Revenues</b>	<b>\$ 1,228,746</b>	<b>\$ 2,693,208</b>	<b>119%</b>	<b>\$ 4,066,774</b>	<b>\$ 6,611,500</b>	<b>63%</b>
Total Expenses	542,733	1,109,921	105%	2,025,767	3,015,461	49%
Taxes	16,032	41,189	157%	45,708	82,164	80%
<b>Economic Net Income ("ENI")</b>	<b>\$ 669,981</b>	<b>\$ 1,542,098</b>	<b>130%</b>	<b>\$ 1,995,299</b>	<b>\$ 3,513,875</b>	<b>76%</b>
<i>ENI per Unit<sup>(a)</sup></i>	<i>\$ 0.59</i>	<i>\$ 1.35</i>	<i>129%</i>	<i>\$ 1.77</i>	<i>\$ 3.07</i>	<i>73%</i>
GAAP Net Income	\$ 106,413	\$ 621,255	484%	\$ 218,598	\$ 1,171,202	436%
Fee Related Earnings ("FRE")	\$ 272,604	\$ 260,706	(4)%	\$ 700,313	\$ 745,469	6%
<b>Distributable Earnings ("DE")</b>	<b>\$ 562,337</b>	<b>\$ 820,629</b>	<b>46%</b>	<b>\$ 1,123,965</b>	<b>\$ 1,862,699</b>	<b>66%</b>
<i>DE per Common Unit<sup>(b)</sup></i>	<i>\$ 0.45</i>	<i>\$ 0.68</i>	<i>51%</i>	<i>\$ 0.93</i>	<i>\$ 1.56</i>	<i>68%</i>
<i>Distribution per Common Unit</i>	<i>\$ 0.42</i>	<i>\$ 0.58</i>	<i>38%</i>	<i>\$ 0.72</i>	<i>\$ 1.34</i>	<i>86%</i>
Total Assets Under Management	\$210,219,960	\$265,757,630	26%	\$210,219,960	\$265,757,630	26%
Fee-Earning Assets Under Management	\$167,880,440	\$197,981,739	18%	\$167,880,440	\$197,981,739	18%

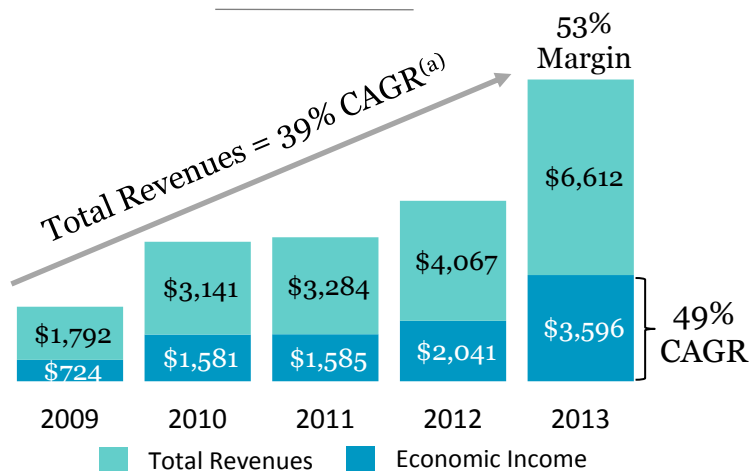
(a) ENI per Unit is based on the Weighted-Average ENI Adjusted Units.

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

# Patience Drives Sustainable Outperformance: “Compounding Effect”

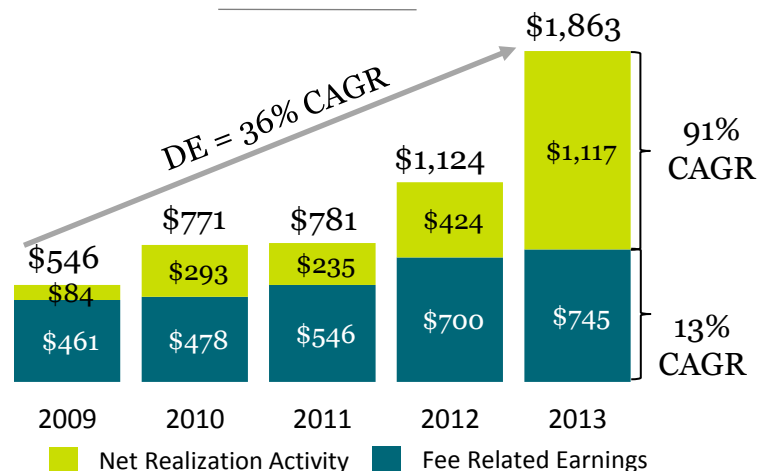
## Total Revenues and Economic Income

(Dollars in Millions)



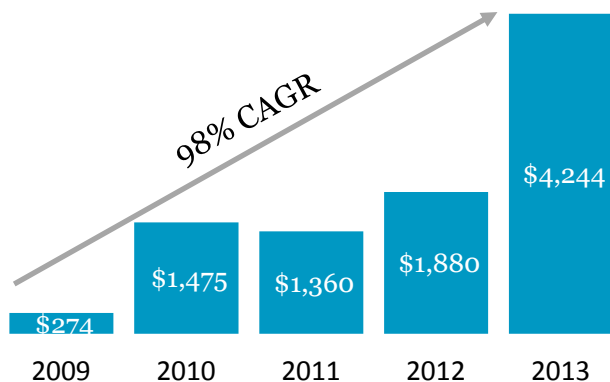
## Distributable Earnings: “DE”

(Dollars in Millions)



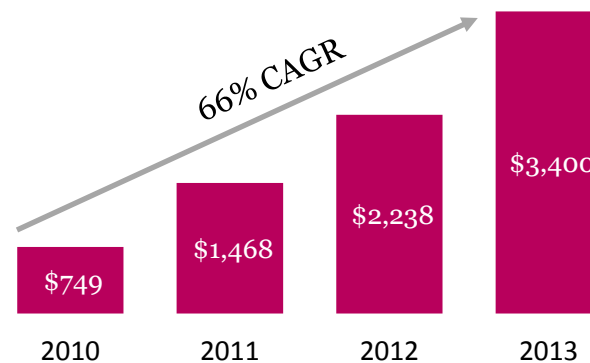
## Gross Performance Fees and Investment Income

(Dollars in Millions)



## Net Performance Fee Receivable

(Dollars in Millions)



(a) CAGR = Compound Annual Growth Rate.

## Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

	4Q'13		FY'13	
	Results	Per Unit <sup>(a)</sup>	Results	Per Unit <sup>(a)</sup>
▶ Base Management Fees	\$ 469,092		\$ 1,740,807	
▶ Advisory Fees	139,158		410,514	
▶ Transaction and Other Fees, Net	59,733		206,977	
▶ Management Fee Offsets	(43,752)		(72,220)	
▶ Interest Income and Other Revenue	28,334		61,670	
▶ Compensation	(262,688)		(1,115,640)	
▶ Other Operating Expenses	(129,171)		(486,639)	
<b>Fee Related Earnings</b>	<b>\$ 260,706</b>	<b>\$ 0.23</b>	<b>\$ 745,469</b>	<b>\$ 0.66</b>
▶ Net Realized Incentive Fees	202,707		273,418	
▶ Net Realized Carried Interest	252,361		686,757	
▶ Net Realized Investment Income	75,156		183,665	
▶ Taxes and Related Payables	(68,610)		(156,734)	
▶ Equity-Based Compensation	98,309		130,124	
<b>Distributable Earnings</b>	<b>\$ 820,629</b>	<b>\$ 0.68</b>	<b>\$ 1,862,699</b>	<b>\$ 1.56</b>
▶ Net Unrealized Incentive Fees	(102,736)		(8,277)	
▶ Net Unrealized Carried Interest	617,825		1,191,293	
▶ Net Unrealized Investment Income	277,268		523,714	
▶ Add Back: Related Payables	27,421		74,570	
▶ Less: Equity-Based Compensation	(98,309)		(130,124)	
<b>Economic Net Income</b>	<b>\$ 1,542,098</b>	<b>\$ 1.35</b>	<b>\$ 3,513,875</b>	<b>\$ 3.07</b>

Fee Earnings

Distributable Earnings

Economic Net Income

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 (see page 31).

(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 (see page 32)). FY'13 Fee Related Earnings per Unit and DE per Unit amounts equal the sum of the respective per unit quarterly amounts for 2013.





## Private Equity

- ▶ Blackstone took advantage of improving equity markets to harvest gains driving Total Revenues to \$1.5 billion and Economic Income to \$715 million, with \$3.5 billion of realizations during the quarter and \$9.6 billion for the year.
  - Completed the successful IPOs of Merlin and Hilton during the quarter, creating a combined \$5.4 billion of public market capitalization for Blackstone's private equity investors, bringing the total market capitalization across all funds to \$17.0 billion.
  - Announced sales of Mivisa, Apria and GeoSouthern which will generate \$2.7 billion of proceeds at closing.
- ▶ Strong performance by the Corporate Private Equity<sup>(a)</sup> funds in 2013 drove Total Revenues up 76% on increased Performance Fees and Investment Income.
  - Overall carrying value of portfolio assets<sup>(b)</sup> appreciated 11.5% during the quarter and 28.5% for the full year.
  - BCP V appreciated 34.5% during 2013 and is now held at a MOIC<sup>(c)</sup> of 1.5x with 46% of fund assets public<sup>(d)</sup>.
  - BCP IV appreciated 20.5% during 2013 and generated a 37% net IRR<sup>(e)</sup> and a MOIC of 2.8x since inception.
- ▶ Invested and/or committed \$3.4 billion of total capital for the quarter and \$5.0 billion for the year.
- ▶ Fourth quarter commitments: tactical opportunities \$1.5 billion (\$5.1 billion total); initial close on latest Strategic Partners secondary fund of funds with \$688 million; Total AUM for Private Equity increased to \$65.7 billion.

(Dollars in Thousands)	4Q'12	4Q'13	% Change vs. 4Q'12	FY'12	FY'13	% Change vs. FY'12
Fee Revenues	\$ 134,857	\$ 123,044	(9)%	\$ 458,721	\$ 479,312	4%
Performance Fees	118,968	486,641	309%	258,178	728,225	182%
Investment Income	64,856	116,112	79%	111,160	249,775	125%
<b>Total Revenues</b>	<b>318,681</b>	<b>725,797</b>	<b>128%</b>	<b>828,059</b>	<b>1,457,312</b>	<b>76%</b>
Compensation	53,963	56,370	4%	222,709	236,120	6%
Performance Fee Compensation	26,145	276,207	956%	62,234	381,686	513%
Other Operating Expenses	40,499	32,767	(19)%	130,845	124,137	(5)%
<b>Total Expenses</b>	<b>120,607</b>	<b>365,344</b>	<b>203%</b>	<b>415,788</b>	<b>741,943</b>	<b>78%</b>
<b>Economic Income</b>	<b>\$ 198,074</b>	<b>\$ 360,453</b>	<b>82%</b>	<b>\$ 412,271</b>	<b>\$ 715,369</b>	<b>74%</b>
Total AUM	\$ 51,002,973	\$ 65,675,031	29%	\$ 51,002,973	\$ 65,675,031	29%
Fee-Earning AUM	\$ 37,050,167	\$ 42,600,515	15%	\$ 37,050,167	\$ 42,600,515	15%

28.5%

FY'13 increase in fund carrying value<sup>(b)</sup>

\$330 million

FY'13 Realized Performance Fees

\$632 million

Net Accrued Performance Fees at 4Q'13

(a) Corporate Private Equity portfolio includes BCP, BCOM and BEP. Excludes Tactical Opportunities, Other Funds (including fee-paying co-investment funds) and Strategic Partners.

(b) Corporate Private Equity portfolio, Tactical Opportunities and Other Funds (including fee-paying co-investment funds). Excludes returns for Strategic Partners.

(c) MOIC = Multiple of Invested Capital.

(d) See Additional Disclosures (see page 18).

(e) "IRR" is the Internal Rate of Return and refers to Total Net IRR. On a gross basis, BCP IV's IRR was 50%.

## Real Estate

- ▶ Revenues were up 96% to \$3.2 billion for 2013 generating a 107% increase in Economic Income to \$2.1 billion.
- ▶ Overall carrying value of Real Estate Funds<sup>(a)</sup> appreciated 13.1% for the quarter and 31.3% for the year.
  - Completed the successful IPOs of Hilton, Extended Stay and Brixmor during the fourth quarter. These investments represent \$18.7 billion of unrealized equity value in funds and fee-paying co-investments.
  - Attractive pricing resulted in opportunities to exit assets across the portfolio, generating record Realized Performance Fees of \$533 million, driven by private sales of stabilized office buildings in the U.S. and U.K.
- ▶ Closed on a record \$15.8 billion of new capital across the Real Estate segment during the year.
  - Fourth quarter commitments: first Asian real estate fund \$1.5 billion (\$3.2 billion total); fourth European fund \$3.9 billion (\$5.6 billion total) as both approach their caps of \$5.0 billion and \$6.9 billion<sup>(b)</sup>, respectively.
  - BXMT, the commercial mortgage REIT, has continued its strong growth since the May re-IPO, completing three offerings with a current market capitalization of over \$1 billion, up from \$61 million at the end of 2012.
- ▶ Invested \$10.2 billion of total capital with an additional \$1.4 billion committed at year end, bringing the total capital invested plus committed to a record \$11.6 billion for 2013 as the investment environment remained attractive and we were able to capitalize on our unique global footprint.

(Dollars in Thousands)	% Change			% Change		
	4Q'12	4Q'13	vs. 4Q'12	FY'12	FY'13	vs. FY'12
Fee Revenues	\$ 167,924	\$ 187,081	11%	\$ 623,736	\$ 646,983	4%
Performance Fees	201,527	958,463	376%	874,415	2,155,582	147%
Investment Income	34,442	224,926	553%	136,177	402,560	196%
<b>Total Revenues</b>	<b>403,893</b>	<b>1,370,470</b>	<b>239%</b>	<b>1,634,328</b>	<b>3,205,125</b>	<b>96%</b>
Compensation	54,201	75,625	40%	271,122	294,222	9%
Performance Fee Compensation	66,727	333,047	399%	240,377	724,537	201%
Other Operating Expenses	36,946	29,698	(20)%	123,714	116,391	(6)%
<b>Total Expenses</b>	<b>157,874</b>	<b>438,370</b>	<b>178%</b>	<b>635,213</b>	<b>1,135,150</b>	<b>79%</b>
<b>Economic Income</b>	<b>\$ 246,019</b>	<b>\$ 932,100</b>	<b>279%</b>	<b>\$ 999,115</b>	<b>\$ 2,069,975</b>	<b>107%</b>
Total AUM	\$ 56,695,645	\$ 79,410,788	40%	\$ 56,695,645	\$ 79,410,788	40%
Fee-Earning AUM	\$ 41,931,339	\$ 50,792,803	21%	\$ 41,931,339	\$ 50,792,803	21%

**31.3%**

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

**\$533 million**

FY'13 Realized Performance Fees

**\$2.3 billion**

Net Accrued Performance Fees at 4Q'13

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

(b) The fourth European fund has a commitment cap of €5 billion (\$6.9 billion at December 31, 2013).

## Hedge Fund Solutions

- ▶ Compelling risk-adjusted performance and new product innovation drove continued strong growth and market share gains for the world's largest discretionary allocator to hedge funds.
- ▶ Record Total Revenues of \$649 million resulted in a 46% increase in Economic Income to \$377 million as strong investment performance contributed to record assets, Management and Performance Fees.
- ▶ BAAM's Principal Solutions Composite<sup>(a)</sup> was up gross 3.8% for the quarter and 12.8% for the full year, with a low volatility portfolio leading to a Sharpe ratio of 4.7. The equity long/short strategies<sup>(a)</sup> were up between 19% and 23% gross.
- ▶ Fee-Earning AUM grew 22% year-over-year to \$52.9 billion; January 1 subscriptions of \$698 million are not included in year end Fee-Earning AUM.
- ▶ \$27.8 billion, or 97%, of Incentive Fee-Earning AUM, were above their high water mark and/or hurdle, up from \$18.6 billion and 78% a year ago, generating \$215 million of Performance Fees for the full year.
- ▶ BAAM's Strategic Opportunities platform invested approximately \$3.4 billion in new special situation exposures.
- ▶ Fourth quarter commitments: BAAM's permanent capital vehicle acquiring general partner interests in hedge funds held its initial close of \$1.1 billion.

(Dollars in Thousands)	4Q'12	4Q'13	% Change vs. 4Q'12	FY'12	FY'13	% Change vs. FY'12
Fee Revenues	\$ 96,801	\$ 114,389	18%	\$ 350,939	\$ 414,850	18%
Performance Fees	36,524	76,881	110%	92,475	215,453	133%
Investment Income	3,784	6,087	61%	15,787	18,307	16%
<b>Total Revenues</b>	<b>137,109</b>	<b>197,357</b>	<b>44%</b>	<b>459,201</b>	<b>648,610</b>	<b>41%</b>
Compensation	28,113	28,147	0%	119,731	136,470	14%
Performance Fee Compensation	9,766	18,878	93%	24,397	68,649	181%
Other Operating Expenses	16,491	15,697	(5)%	57,809	66,966	16%
<b>Total Expenses</b>	<b>54,370</b>	<b>62,722</b>	<b>15%</b>	<b>201,937</b>	<b>272,085</b>	<b>35%</b>
<b>Economic Income</b>	<b>\$ 82,739</b>	<b>\$ 134,635</b>	<b>63%</b>	<b>\$ 257,264</b>	<b>\$ 376,525</b>	<b>46%</b>
Total AUM	\$ 46,092,505	\$ 55,657,463	21%	\$ 46,092,505	\$ 55,657,463	21%
Fee-Earning AUM	\$ 43,478,791	\$ 52,865,837	22%	\$ 43,478,791	\$ 52,865,837	22%

12.8%

FY'13 Composite Return

\$27.8 billion

Incentive Fee-Earning AUM at 4Q'13  
(97% of Total Eligible Incentive Fees)

\$5.1 billion

FY'13 Fee-Earning Net Inflows

(a) BAAM's Principal Solutions Composite, formerly known as BAAM's Core Funds 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 Principal Solutions Composite was up 3.4% for the quarter and 11.4% for the full year, with a Sharpe ratio of 4.3. On a net of fees basis, the equity long/short strategies were up between 16% and 21%.

## Credit

- ▶ GSO's diversified platform drove double-digit annual returns across its various strategies against a challenging environment despite sustained low interest rates and record level high yield issuance.
- ▶ A substantial increase in Performance Fees, up 24%, drove Total Revenues to \$880 million and Economic Income to a record \$358 million for the year.
- ▶ Despite realized proceeds in carry funds of \$655 million for the quarter and \$3.2 billion for the year, Fee-Earning AUM grew 14%.
- ▶ Total AUM grew 15% year-over-year to \$65.0 billion due to robust net inflows throughout the year.
- ▶ Closed on \$1.8 billion during the quarter for new product launches, reflecting the continued focus on growing organically by leveraging core credit expertise.

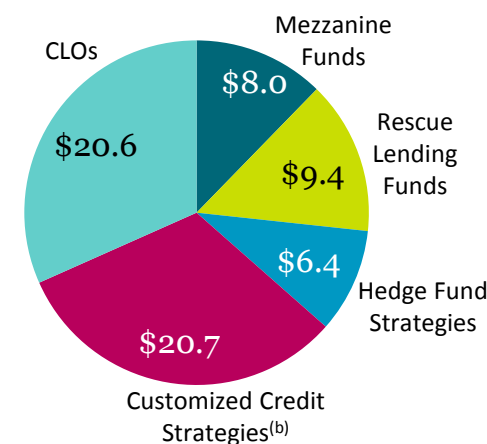
## Investment Performance<sup>(a)</sup>

	Gross Returns	
	4Q'13	FY'13
Hedge Fund Strategies	8.5%	24.1%
Mezzanine Funds	3.9%	25.6%
Rescue Lending Funds	11.8%	33.1%

(Dollars in Thousands)	4Q'12		% Change		FY'12		% Change	
		4Q'13	vs. 4Q'12		FY'13	vs. FY'12		
Fee Revenues	\$ 117,081	\$ 80,873	(31)%	\$ 389,304	\$ 405,088	4%		
Performance Fees	113,154	166,234	47%	368,697	457,113	24%		
Investment Income	8,043	8,892	11%	20,380	18,049	(11)%		
<b>Total Revenues</b>	<b>238,278</b>	<b>255,999</b>	<b>7%</b>	<b>778,381</b>	<b>880,250</b>	<b>13%</b>		
Compensation	51,853	31,802	(39)%	182,077	186,514	2%		
Performance Fee Compensation	61,106	89,930	47%	186,538	238,310	28%		
Other Operating Expenses	18,116	29,566	63%	84,488	96,940	15%		
<b>Total Expenses</b>	<b>131,075</b>	<b>151,298</b>	<b>15%</b>	<b>453,103</b>	<b>521,764</b>	<b>15%</b>		
<b>Economic Income</b>	<b>\$ 107,203</b>	<b>\$ 104,701</b>	<b>(2)%</b>	<b>\$ 325,278</b>	<b>\$ 358,486</b>	<b>10%</b>		
Total AUM	\$ 56,428,837	\$ 65,014,348	15%	\$ 56,428,837	\$ 65,014,348	15%		
Fee-Earning AUM	\$ 45,420,143	\$ 51,722,584	14%	\$ 45,420,143	\$ 51,722,584	14%		

## \$65 billion

4Q'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 6.8% for 4Q'13 and 18.2% for FY'13, Mezzanine Funds net returns were 2.8% for 4Q'13 and 17.9% for FY'13 and Rescue Lending Funds net returns were 9.8% for 4Q'13 and 24.3% for FY'13.

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

## Financial Advisory

- ▶ Full year revenues were up 15% in 2013, the second best year for that segment, primarily from increased activity in Restructuring, the Park Hill fund placement business and the impact of the first full year of earnings from Blackstone Capital Markets, which was an active participant in increased public market activity for both equity and debt issuances.
- ▶ Blackstone Capital Markets had a successful first year as it acted as an underwriter or arranger on 26 deals, including the IPOs for Brixmor, Extended Stay and Pinnacle Foods, the IPO and secondary offering for SeaWorld, and the IPO and debt refinancing for Hilton.
- ▶ Restructuring had its second best year of revenue despite the improving economy and historically low default rates, as the business diversified its client base and advisory roles through a number of high profile assignments and continued to focus on non-bankruptcy related assignments.
- ▶ Park Hill's double-digit growth in placement fee revenue is a key indicator of the value to alternative managers to raise capital but is also a reflection of continued positive trends in institutional commitments to alternatives.
- ▶ Blackstone Advisory Partners revenue was down year-over-year, consistent with the 2013 industry trend of the lowest announced merger and acquisition dollar volume since 2009, although a meaningful backlog of assignments existed at year end.

(Dollars in Thousands)	4Q'12	4Q'13	% Change		FY'12	FY'13	% Change	
			vs. 4Q'12				vs. FY'12	
Fee Revenues	\$ 130,240	\$ 142,859	10%		\$ 364,065	\$ 421,089	16%	
Investment Income (Loss)	545	726	33%		2,740	(886)	n/m	
<b>Total Revenues</b>	<b>130,785</b>	<b>143,585</b>	<b>10%</b>		<b>366,805</b>	<b>420,203</b>	<b>15%</b>	
Compensation	59,429	70,744	19%		235,137	262,314	12%	
Other Operating Expenses	19,378	21,443	11%		84,589	82,205	(3)%	
<b>Total Expenses</b>	<b>78,807</b>	<b>92,187</b>	<b>17%</b>		<b>319,726</b>	<b>344,519</b>	<b>8%</b>	
<b>Economic Income</b>	<b>\$ 51,978</b>	<b>\$ 51,398</b>	<b>(1)%</b>		<b>\$ 47,079</b>	<b>\$ 75,684</b>	<b>61%</b>	

# Fee-Earning Assets Under Management

## 4Q'13 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'13	\$ 43,645	\$ 44,716	\$ 50,830	\$ 49,459	\$ 188,650
Inflows <sup>(a)</sup>	803	7,623	2,165	3,438	14,029
Outflows <sup>(b)</sup>	(238)	(233)	(1,541)	(528)	(2,540)
Realizations <sup>(c)</sup>	(1,695)	(1,445)	(185)	(1,425)	(4,750)
Net Inflows (Outflows)	(1,130)	5,945	440	1,485	6,739
Market Activity <sup>(d)</sup>	86	132	1,596	778	2,592
<b>4Q'13</b>	<b>\$ 42,601</b>	<b>\$ 50,793</b>	<b>\$ 52,866</b>	<b>\$ 51,723</b>	<b>\$ 197,982</b>
QoQ Increase (Decrease)	(2)%	14%	4%	5%	5%

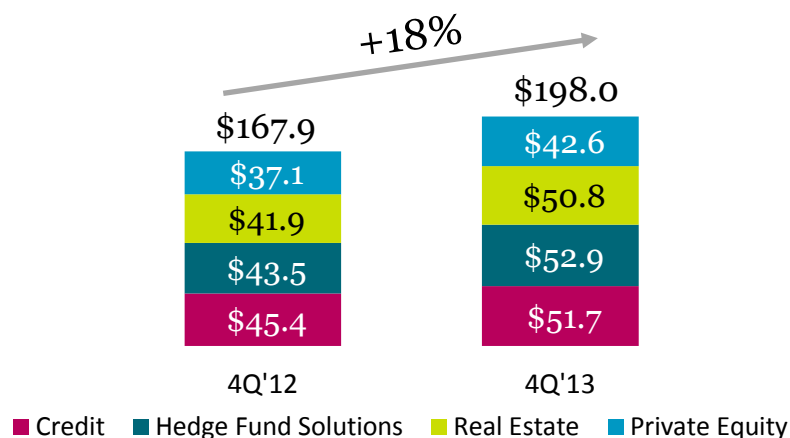
## FY'13 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
4Q'12	\$ 37,050	\$ 41,931	\$ 43,479	\$ 45,420	\$ 167,880
Inflows <sup>(a)</sup>	9,884	13,836	9,098	15,382	48,200
Outflows <sup>(b)</sup>	(393)	(1,330)	(3,627)	(2,085)	(7,434)
Realizations <sup>(c)</sup>	(4,025)	(3,649)	(348)	(8,872)	(16,894)
Net Inflows	5,466	8,856	5,123	4,426	23,872
Market Activity <sup>(d)</sup>	84	5	4,264	1,877	6,230
<b>4Q'13</b>	<b>\$ 42,601</b>	<b>\$ 50,793</b>	<b>\$ 52,866</b>	<b>\$ 51,723</b>	<b>\$ 197,982</b>
YoY Increase	15%	21%	22%	14%	18%

## Fee-Earning AUM by Segment

(Dollars in Billions)



### Private Equity

- ▶ Inflows: Strategic Partners ("SP") acquisition \$7.0B; Tactical Opportunities \$2.7B.
- ▶ Realizations: BCP V \$2.6B (including Nielsen (\$309M), SeaWorld (\$196M), Pinnacle (\$157M)); BCP IV \$744M including Vanguard (\$286M), TDC (\$135M) and TRW (\$119M).

### Real Estate

- ▶ Inflows: first Asian fund \$3.2B; fourth European fund \$5.5B; co-investment across funds \$1.6B, BXMT \$715M and second debt strategies fund \$1.3B.
- ▶ Realizations: BREDS \$2.1B; BREP VI \$603M; BREP V \$460M.

### Hedge Fund Solutions

- ▶ Net Inflows: \$3.3B in customized funds; \$1.1B in launch of 1940 Act mutual fund; January 1, 2014 subscriptions of \$698M.

### Credit

- ▶ Inflows: CLO launches raised \$3.7B in long term funds; capital deployed in Mezzanine and Rescue Lending funds (\$1.4B); capital raised in Hedge Fund Strategies (\$1.6B), BDCs (\$4.8B) and other vehicles (\$3.9B).
- ▶ Realizations: \$6.9B returned to CLO investors; \$1.9B returned across Mezzanine and Rescue Lending funds.

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

## 4Q'13 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'13	\$ 62,620	\$ 68,964	\$ 53,162	\$ 63,318	\$ 248,065
Inflows <sup>(a)</sup>	2,462	7,634	2,698	4,193	16,987
Outflows <sup>(b)</sup>	(67)	(374)	(1,661)	(1,081)	(3,182)
Realizations <sup>(c)</sup>	(3,490)	(3,376)	(237)	(2,843)	(9,946)
Net Inflows (Outflows)	(1,095)	3,884	801	269	3,859
Market Activity <sup>(d)</sup>	4,150	6,562	1,695	1,427	13,834
<b>4Q'13</b>	<b>\$ 65,675</b>	<b>\$ 79,411</b>	<b>\$ 55,657</b>	<b>\$ 65,014</b>	<b>\$ 265,758</b>
QoQ Increase	5%	15%	5%	3%	7%

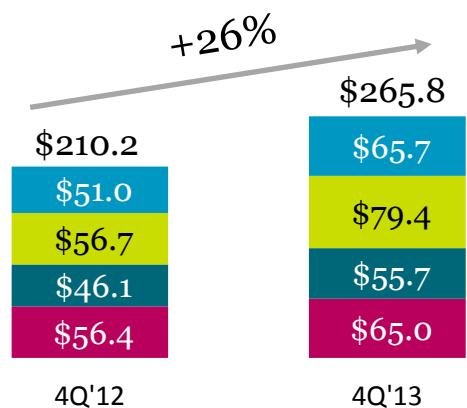
## FY'13 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
4Q'12	\$ 51,003	\$ 56,696	\$ 46,093	\$ 56,429	\$ 210,220
Inflows <sup>(a)</sup>	14,420	17,687	9,338	18,834	60,279
Outflows <sup>(b)</sup>	(653)	(1,050)	(3,855)	(2,811)	(8,368)
Realizations <sup>(c)</sup>	(9,584)	(8,298)	(448)	(11,196)	(29,526)
Net Inflows	4,183	8,339	5,035	4,828	22,384
Market Activity <sup>(d)</sup>	10,489	14,376	4,530	3,758	33,153
<b>4Q'13</b>	<b>\$ 65,675</b>	<b>\$ 79,411</b>	<b>\$ 55,657</b>	<b>\$ 65,014</b>	<b>\$ 265,758</b>
YoY Increase	29%	40%	21%	15%	26%

## Total AUM by Segment

(Dollars in Billions)



■ Credit ■ Hedge Fund Solutions ■ Real Estate ■ Private Equity

### Private Equity

- ▶ Inflows: SP fund acquisition \$9.4B; Tactical Opportunities \$3.5B; first close of next SP fund \$688M.
- ▶ Market Activity: successful IPOs in BCP V of \$3.7B (Hilton (\$2.0B), Pinnacle (\$1.1B), SeaWorld (\$536M)) and BCP IV of \$1.0B (Merlin); in total, public portfolio appreciation of 49.5% created \$6.6B of value.

### Real Estate

- ▶ Market Activity: driven by successful IPOs of Hilton (\$5.5B), Extended Stay (\$697M) and Brixmor (\$600M), as well as improving fundamentals of Equity Office Properties (\$1.0B) and Invitation Homes (\$912M).

### Hedge Fund Solutions

- ▶ Inflows in excess of Fee-Earning inflows: \$1.1B initial close of first permanent capital vehicle acquiring general partner interests in hedge funds.
- ▶ Market Activity: \$4.1B of appreciation in customized and commingled funds; BAAM's Principal Solutions Composite up 12.8% gross.

### Credit

- ▶ Inflows in excess of Fee-Earning inflows: largely driven by commitments to Rescue Lending funds (\$2.1B) and Mezzanine funds (\$729M).
- ▶ Market Activity: \$1.5 B of gains in Hedge Fund Strategies and business development companies; \$1.5B appreciation in carry funds.

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 and the effect of changes in the definition of Total Assets Under Management.

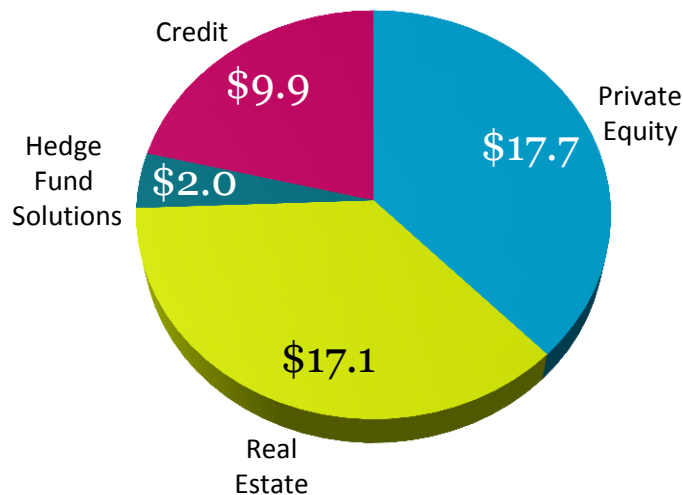
(d) Market Activity: gains (losses) on portfolio investments and impact of foreign exchange rate fluctuations.



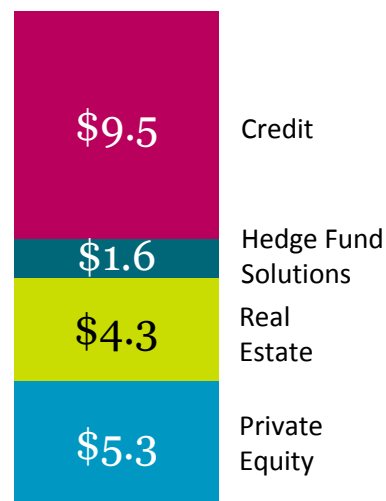
## 4Q'13 Available Capital Summary

- ▶ Committed undrawn capital (“dry powder”) reached its highest level of \$46.8 billion at year end on strong inflows that easily outpaced \$15.3 billion of total capital deployed.
- ▶ \$20.8 billion of Total AUM was not yet earning Base Management Fees at year end due largely to fund structures where the payment of Management Fees is triggered by investment of capital rather than commitment.
- ▶ Performance Fee Eligible AUM<sup>(a)</sup> was \$181.0 billion at year end, including \$112.1 billion currently earning Performance Fees.

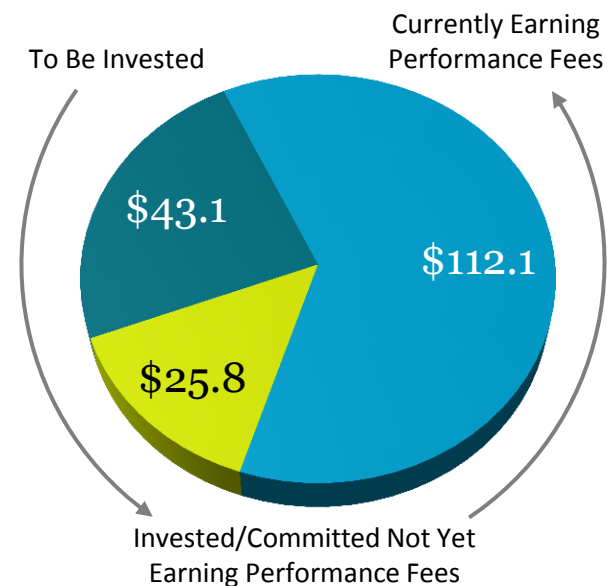
### \$47 billion Dry Powder<sup>(b)</sup>



### \$21 billion Not Yet Earning Base Management Fees<sup>(c)</sup>



### \$181 billion Performance Fee Eligible AUM<sup>(a)</sup>



Totals may not add to rounding.

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

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

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

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

- ▶ On December 11, 2013, S&P upgraded Blackstone to A+, matching Fitch's rating, making Blackstone the highest rated alternative asset manager and one of the highest rated global financial services firms.
- ▶ At December 31, 2013, Blackstone had \$2.1 billion in total cash, corporate treasury and liquid investments and \$8.3 billion of total net value, or \$7.29 per DE unit, up 23% from \$5.95 a year ago.
- ▶ Blackstone's Net Performance Fees were \$3.4 billion at the end of 2013, up 52% from 2012, and over two times the amount from 2011, reflecting the consistent high returns of a diverse set of funds generating Performance Fees.
- ▶ 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)	3Q'13	4Q'13
Cash and Cash Equivalents	\$ 889	\$ 832
Treasury Cash Management Strategies	1,137	1,187
Liquid Investments <sup>(b)</sup>	151	114
Illiquid Investments <sup>(c)</sup>	2,447	2,741
Net Performance Fees	2,769	3,400
<b>Total Net Value</b>	<b>\$ 7,393</b>	<b>\$ 8,274</b>
Outstanding Bonds (at par) <sup>(d)</sup>	\$ 1,635	\$ 1,635

**\$7.29**  
Cash and Investments per DE unit



**\$8.3 billion**  
Total Net Value

**A+ / A+**

rated by S&P and Fitch

**\$1.1 billion**

undrawn credit revolver with July 2017 maturity

**\$2.1 billion**

total cash, corporate treasury and liquid 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.

## Unitholder Distribution<sup>(a)</sup>

- ▶ Generated \$1.56 of Distributable Earnings per common unit during 2013, up 68% year-over-year.
- ▶ Declared a quarterly distribution of \$0.58 per common unit to record holders as of February 10, 2014; payable on February 18, 2014, bringing the full fiscal year distribution to \$1.34 per common unit, up 86% from 2012.

(Dollars in Thousands, Except per Unit Data)	1Q'13	2Q'13	3Q'13	4Q'13	FY'12	FY'13	% Change vs. FY'12
Distributable Earnings ("DE")	\$ 390,912	\$ 338,485	\$ 312,673	\$ 820,629	\$ 1,123,965	\$ 1,862,699	66%
Add: Other Payables Attributable to Common Unitholders	2,204	28,498	17,694	58,103	91,633	106,499	16%
DE before Certain Payables <sup>(b)</sup>	393,116	366,983	330,367	878,732	1,215,598	1,969,198	62%
Percent to Common Unitholders	51%	51%	52%	52%	49%	51%	
DE before Certain Payables Attributable to Common Unitholders	199,812	187,652	170,216	455,291	595,204	1,012,971	70%
Less: Other Payables Attributable to Common Unitholders	(2,204)	(28,498)	(17,694)	(58,103)	(91,633)	(106,499)	(16)%
DE Attributable to Common Unitholders	197,608	159,154	152,522	397,188	503,571	906,472	80%
<b>DE per Common Unit<sup>(c)</sup></b>	<b>\$ 0.34</b>	<b>\$ 0.28</b>	<b>\$ 0.26</b>	<b>\$ 0.68</b>	<b>\$ 0.93</b>	<b>\$ 1.56</b>	<b>68%</b>
Less: Retained Capital per Unit <sup>(d)</sup>	\$ (0.04)	\$ (0.05)	\$ (0.03)	\$ (0.10)	\$ (0.21)	\$ (0.22)	(5)%
Net Cash Available for Distribution per Common Unit <sup>(c)</sup>	\$ 0.30	\$ 0.23	\$ 0.23	\$ 0.58	\$ 0.72	\$ 1.34	86%
Actual Distribution per Common Unit <sup>(c)</sup>	\$ 0.30	\$ 0.23	\$ 0.23	\$ 0.58	\$ 0.72	\$ 1.34	86%
Record Date				Feb 10, 2014			
Payable Date				Feb 18, 2014			

(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 (see page 33).

(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 (see page 32)); 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 \$58.8 million for 4Q'13 and \$125.7 million for FY'13.

# GAAP Statement of Operations

	4Q'12	4Q'13	% Change vs. 4Q'12	FY'12	FY'13	% Change vs. FY'12
(Dollars in Thousands, Except per Unit Data) (Unaudited)						
<b>Revenues</b>						
Management and Advisory Fees, Net	\$ 601,860	\$ 602,034	0%	\$ 2,030,693	\$ 2,193,985	8%
Performance Fees						
Realized Carried Interest	174,168	283,846	63%	327,422	943,958	188%
Realized Incentive Fees	273,304	334,109	22%	301,801	464,838	54%
Unrealized Carried Interest	207,639	1,233,905	494%	994,190	2,158,010	117%
Unrealized Incentive Fees	(185,372)	(167,198)	10%	(30,361)	(22,749)	25%
Total Performance Fees	469,739	1,684,662	259%	1,593,052	3,544,057	122%
Investment Income						
Realized	53,311	51,294	(4)%	93,963	188,644	101%
Unrealized	74,325	348,523	369%	256,231	611,664	139%
Total Investment Income	127,636	399,817	213%	350,194	800,308	129%
Interest and Dividend Revenue	13,173	18,248	39%	40,354	64,511	60%
Other	4,705	4,619	(2)%	5,148	10,307	100%
<b>Total Revenues</b>	<b>1,217,113</b>	<b>2,709,380</b>	<b>123%</b>	<b>4,019,441</b>	<b>6,613,168</b>	<b>65%</b>
<b>Expenses</b>						
Compensation and Benefits						
Compensation	559,781	448,443	(20)%	2,091,698	1,844,485	(12)%
Performance Fee Compensation						
Realized Carried Interest	58,573	31,485	(46)%	96,433	257,201	167%
Realized Incentive Fees	125,758	140,794	12%	140,042	200,915	43%
Unrealized Carried Interest	71,378	616,080	763%	321,599	966,717	201%
Unrealized Incentive Fees	(91,965)	(70,297)	24%	(44,528)	(11,651)	74%
Total Compensation and Benefits	723,525	1,166,505	61%	2,605,244	3,257,667	25%
General, Administrative and Other	131,063	128,336	(2)%	548,738	474,442	(14)%
Interest Expense	25,505	27,687	9%	72,870	107,973	48%
Fund Expenses	5,586	7,944	42%	33,829	26,658	(21)%
<b>Total Expenses</b>	<b>885,679</b>	<b>1,330,472</b>	<b>50%</b>	<b>3,260,681</b>	<b>3,866,740</b>	<b>19%</b>
<b>Other Income (Loss)</b>						
Reversal of Tax Receivable Agreement Liability	-	20,469	n/m	-	20,469	n/m
Net Gains (Losses) from Fund Investment Activities	(144,267)	185,536	n/m	256,145	381,664	49%
<b>Income Before Provision for Taxes</b>	<b>\$ 187,167</b>	<b>\$ 1,584,913</b>	<b>747%</b>	<b>\$ 1,014,905</b>	<b>\$ 3,148,561</b>	<b>210%</b>
Provision for Taxes	65,696	91,090	39%	185,023	255,642	38%
<b>Net Income</b>	<b>\$ 121,471</b>	<b>\$ 1,493,823</b>	<b>n/m</b>	<b>\$ 829,882</b>	<b>\$ 2,892,919</b>	<b>249%</b>
<b>Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities</b>	<b>25,151</b>	<b>47,445</b>	<b>89%</b>	<b>103,598</b>	<b>183,315</b>	<b>77%</b>
<b>Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities</b>	<b>(180,011)</b>	<b>149,834</b>	<b>n/m</b>	<b>99,959</b>	<b>198,557</b>	<b>99%</b>
<b>Net Income Attributable to Non-Controlling Interests in Blackstone Holdings</b>	<b>169,918</b>	<b>675,289</b>	<b>297%</b>	<b>407,727</b>	<b>1,339,845</b>	<b>229%</b>
<b>Net Income Attributable to The Blackstone Group L.P. ("BX")</b>	<b>\$ 106,413</b>	<b>\$ 621,255</b>	<b>484%</b>	<b>\$ 218,598</b>	<b>\$ 1,171,202</b>	<b>436%</b>
<b>Net Income per Common Unit, Basic</b>	<b>\$ 0.19</b>	<b>\$ 1.05</b>	<b>453%</b>	<b>\$ 0.41</b>	<b>\$ 2.00</b>	<b>388%</b>
<b>Net Income per Common Unit, Diluted</b>	<b>\$ 0.19</b>	<b>\$ 1.04</b>	<b>447%</b>	<b>\$ 0.41</b>	<b>\$ 1.98</b>	<b>383%</b>

## Additional Disclosures

- ▶ How much gain does BCP V need in order to cross its carry threshold, considering it had significant appreciation in 2013?
  - During 2013, BCP V appreciated 34.5% and returned \$4.1 billion of capital to investors, resulting in \$13.5 billion of remaining invested capital<sup>(a)</sup>.
  - BCP V is comprised of two fund classes based on the timing of fund closings, BCP V “main fund” (\$12.3 billion remaining invested capital; \$18.0 billion fair value; 1.5x MOIC) and BCP V-AC (\$1.3 billion remaining invested; \$2.2 billion fair value; 1.7x MOIC) (see page 26).
  - Within these fund classes, the General Partner (“GP”) is subject to equalization such that (a) the GP accrues Performance Fees when the total Performance Fees for the combined fund classes are positive, and (b) the GP realizes Performance Fees so long as clawback obligations, if any, for the combined fund classes are fully satisfied.
    - BCP V-AC has crossed its hurdle. Since the Performance Fees for the combined fund classes are positive, Blackstone accrued \$26 million of net Performance Fees in 4Q’13 (see page 26).
    - On a combined basis, BCP V currently needs a 3% increase in Total Enterprise Value (“TEV”), or \$1.3 billion, to begin the “catch-up” phase of the 80/20 accrual of carry in favor of Blackstone as the GP. A year ago, BCP V needed a 12% increase in TEV (or \$5.6 billion) to begin the carry catch-up phase.
- ▶ What is the breakdown of the Hilton investment across Blackstone’s funds?

(Dollars and Shares in Millions)	Shares Held	Cost Basis <sup>(b)</sup>
BREP VI	346	\$3,003
BCP V	202	1,755
BREP Co-Investment	161	1,382
BREP International II	43	371
<b>Total Blackstone</b>	<b>752</b>	<b>\$6,511</b>

- ▶ Why are Credit’s Fee Revenues down 31% year-over-year in 4Q’13?
  - During the quarter, Credit recorded a Management Fee Offset of \$30 million related to Placement Fees reimbursed to investors in certain drawdown funds from 2Q’11 to 3Q’13 and is not recurring.

(a) Remaining invested capital of \$13.5 billion excludes Blackstone side-by-side investments. Total capital including side-by-side is \$14 billion.

(b) Reflects original equity investment at cost. Includes Blackstone side-by-side investments.

# Appendix

# Total Segments

(Dollars in Thousands)	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13	FY'12	FY'13
<b>Revenues</b>							
Management and Advisory Fees, Net							
Base Management Fees	\$ 416,465	\$ 408,747	\$ 425,674	\$ 437,294	\$ 469,092	\$ 1,591,403	\$ 1,740,807
Advisory Fees	128,248	67,020	120,734	83,602	139,158	357,417	410,514
Transaction and Other Fees, Net <sup>(a)</sup>	94,069	37,974	66,464	42,806	59,733	227,119	206,977
Management Fee Offsets <sup>(b)</sup>	(11,476)	(9,662)	(10,535)	(8,271)	(43,752)	(40,953)	(72,220)
Total Management and Advisory Fees, Net	627,306	504,079	602,337	555,431	624,231	2,134,986	2,286,078
<b>Performance Fees</b>							
Realized Carried Interest	174,168	294,170	183,288	182,654	283,846	327,422	943,958
Realized Incentive Fees	272,873	24,727	74,867	31,238	343,501	301,464	474,333
Unrealized Carried Interest	207,639	177,347	456,706	290,052	1,233,905	994,190	2,158,010
Unrealized Incentive Fees	(184,507)	107,755	4,358	40,992	(173,033)	(29,311)	(19,928)
Total Performance Fees	470,173	603,999	719,219	544,936	1,688,219	1,593,765	3,556,373
<b>Investment Income</b>							
Realized	37,448	38,110	54,586	11,492	66,283	95,398	170,471
Unrealized	74,222	96,661	42,533	87,680	290,460	190,846	517,334
Total Investment Income	111,670	134,771	97,119	99,172	356,743	286,244	687,805
Interest Income and Dividend Revenue	14,890	14,661	15,342	21,539	19,394	46,630	70,936
Other	4,707	2,143	(1,164)	4,708	4,621	5,149	10,308
<b>Total Revenues</b>	<b>1,228,746</b>	<b>1,259,653</b>	<b>1,432,853</b>	<b>1,225,786</b>	<b>2,693,208</b>	<b>4,066,774</b>	<b>6,611,500</b>
<b>Expenses</b>							
Compensation	247,559	266,977	306,477	279,498	262,688	1,030,776	1,115,640
<b>Performance Fee Compensation</b>							
Realized Carried Interest	58,573	89,437	75,910	60,369	31,485	96,433	257,201
Realized Incentive Fees	125,758	10,508	35,014	14,599	140,794	140,042	200,915
Unrealized Carried Interest	71,378	95,472	172,824	82,341	616,080	321,599	966,717
Unrealized Incentive Fees	(91,965)	44,478	3,084	11,084	(70,297)	(44,528)	(11,651)
Total Compensation and Benefits	411,303	506,872	593,309	447,891	980,750	1,544,322	2,528,822
Other Operating Expenses	131,430	114,444	120,152	122,872	129,171	481,445	486,639
<b>Total Expenses</b>	<b>542,733</b>	<b>621,316</b>	<b>713,461</b>	<b>570,763</b>	<b>1,109,921</b>	<b>2,025,767</b>	<b>3,015,461</b>
<b>Economic Income</b>	<b>\$ 686,013</b>	<b>\$ 638,337</b>	<b>\$ 719,392</b>	<b>\$ 655,023</b>	<b>\$ 1,583,287</b>	<b>\$ 2,041,007</b>	<b>\$ 3,596,039</b>
<b>Economic Net Income</b>	<b>\$ 669,981</b>	<b>\$ 628,306</b>	<b>\$ 703,240</b>	<b>\$ 640,231</b>	<b>\$ 1,542,098</b>	<b>\$ 1,995,299</b>	<b>\$ 3,513,875</b>
<b>Fee Related Earnings</b>	<b>\$ 272,604</b>	<b>\$ 137,733</b>	<b>\$ 168,434</b>	<b>\$ 178,596</b>	<b>\$ 260,706</b>	<b>\$ 700,313</b>	<b>\$ 745,469</b>
<b>Distributable Earnings</b>	<b>\$ 562,337</b>	<b>\$ 390,912</b>	<b>\$ 338,485</b>	<b>\$ 312,673</b>	<b>\$ 820,629</b>	<b>\$ 1,123,965</b>	<b>\$ 1,862,699</b>
Total Assets Under Management	\$ 210,219,960	\$ 218,210,672	\$ 229,571,741	\$ 248,064,888	\$ 265,757,630	\$ 210,219,960	\$ 265,757,630
Fee-Earning Assets Under Management	\$ 167,880,440	\$ 170,949,347	\$ 176,338,947	\$ 188,649,817	\$ 197,981,739	\$ 167,880,440	\$ 197,981,739
Weighted Average Fee-Earning AUM	\$ 168,328,454	\$ 169,551,186	\$ 173,706,678	\$ 185,628,676	\$ 196,309,547	\$ 160,130,294	\$ 186,133,604
LP Capital Invested	\$ 5,690,474	\$ 1,784,463	\$ 3,634,404	\$ 3,378,067	\$ 5,382,770	\$ 13,898,971	\$ 14,179,704
Total Capital Invested	\$ 6,200,755	\$ 1,840,474	\$ 3,757,591	\$ 3,536,365	\$ 6,115,856	\$ 15,614,849	\$ 15,250,286

(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)	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13	FY'12	FY'13
<b>Revenues</b>							
<b>Management Fees, Net</b>							
Base Management Fees	\$ 89,194	\$ 86,246	\$ 86,621	\$ 95,281	\$ 99,998	\$ 348,594	\$ 368,146
Transaction and Other Fees, Net <sup>(a)</sup>	41,339	24,453	38,348	16,052	18,135	100,080	96,988
Management Fee Offsets <sup>(b)</sup>	(705)	(480)	(1,950)	(2,080)	(1,173)	(5,926)	(5,683)
<b>Total Management Fees, Net</b>	<b>129,828</b>	<b>110,219</b>	<b>123,019</b>	<b>109,253</b>	<b>116,960</b>	<b>442,748</b>	<b>459,451</b>
<b>Performance Fees</b>							
Realized Carried Interest	45,491	139,892	3,899	85,121	101,081	109,797	329,993
Unrealized Carried Interest	73,477	(83,954)	182,926	(86,300)	385,560	148,381	398,232
<b>Total Performance Fees</b>	<b>118,968</b>	<b>55,938</b>	<b>186,825</b>	<b>(1,179)</b>	<b>486,641</b>	<b>258,178</b>	<b>728,225</b>
<b>Investment Income</b>							
Realized	10,918	24,162	21,586	11,495	30,783	25,823	88,026
Unrealized	53,938	31,711	21,088	23,621	85,329	85,337	161,749
<b>Total Investment Income</b>	<b>64,856</b>	<b>55,873</b>	<b>42,674</b>	<b>35,116</b>	<b>116,112</b>	<b>111,160</b>	<b>249,775</b>
Interest Income and Dividend Revenue	4,609	2,984	3,251	5,231	4,136	13,556	15,602
Other	420	424	366	1,521	1,948	2,417	4,259
<b>Total Revenues</b>	<b>318,681</b>	<b>225,438</b>	<b>356,135</b>	<b>149,942</b>	<b>725,797</b>	<b>828,059</b>	<b>1,457,312</b>
<b>Expenses</b>							
Compensation	53,963	60,203	63,747	55,800	56,370	222,709	236,120
<b>Performance Fee Compensation</b>							
Realized Carried Interest	1,507	16,246	877	19,824	2,006	3,679	38,953
Unrealized Carried Interest	24,638	16,619	88,111	(36,198)	274,201	58,555	342,733
<b>Total Compensation and Benefits</b>	<b>80,108</b>	<b>93,068</b>	<b>152,735</b>	<b>39,426</b>	<b>332,577</b>	<b>284,943</b>	<b>617,806</b>
Other Operating Expenses	40,499	29,168	32,178	30,024	32,767	130,845	124,137
<b>Total Expenses</b>	<b>120,607</b>	<b>122,236</b>	<b>184,913</b>	<b>69,450</b>	<b>365,344</b>	<b>415,788</b>	<b>741,943</b>
<b>Economic Income</b>	<b>\$ 198,074</b>	<b>\$ 103,202</b>	<b>\$ 171,222</b>	<b>\$ 80,492</b>	<b>\$ 360,453</b>	<b>\$ 412,271</b>	<b>\$ 715,369</b>
Total Assets Under Management	\$ 51,002,973	\$ 52,491,811	\$ 53,287,294	\$ 62,619,813	\$ 65,675,031	\$ 51,002,973	\$ 65,675,031
Fee-Earning Assets Under Management	\$ 37,050,167	\$ 36,785,770	\$ 36,635,224	\$ 43,645,106	\$ 42,600,515	\$ 37,050,167	\$ 42,600,515
Weighted Average Fee-Earning AUM	\$ 38,507,697	\$ 36,907,936	\$ 36,675,636	\$ 43,886,763	\$ 43,290,792	\$ 38,126,640	\$ 43,977,145
LP Capital Invested	\$ 1,461,987	\$ 276,987	\$ 749,290	\$ 524,320	\$ 1,017,985	\$ 3,223,535	\$ 2,568,582
Total Capital Invested	\$ 1,860,738	\$ 291,011	\$ 780,339	\$ 548,173	\$ 1,330,606	\$ 4,077,621	\$ 2,950,129

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

(b) Primarily placement fees.



# Real Estate

(Dollars in Thousands)	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13	FY'12	FY'13
<b>Revenues</b>							
Management Fees, Net							
Base Management Fees	\$ 140,044	\$ 138,346	\$ 137,000	\$ 136,721	\$ 153,115	\$ 551,322	\$ 565,182
Transaction and Other Fees, Net <sup>(a)</sup>	31,181	9,140	19,013	19,205	32,317	85,681	79,675
Management Fee Offsets <sup>(b)</sup>	(8,591)	(7,286)	(6,312)	(2,385)	(6,838)	(28,609)	(22,821)
Total Management Fees, Net	162,634	140,200	149,701	153,541	178,594	608,394	622,036
Performance Fees							
Realized Carried Interest	91,113	68,773	143,481	93,878	180,641	165,114	486,773
Realized Incentive Fees	13,012	3,092	31,102	3,737	7,931	25,656	45,862
Unrealized Carried Interest	110,059	280,076	259,972	340,406	771,246	683,764	1,651,700
Unrealized Incentive Fees	(12,657)	2,400	(32,279)	2,481	(1,355)	(119)	(28,753)
Total Performance Fees	201,527	354,341	402,276	440,502	958,463	874,415	2,155,582
Investment Income							
Realized	18,099	9,534	18,577	928	23,320	45,302	52,359
Unrealized	16,343	60,303	30,636	57,656	201,606	90,875	350,201
Total Investment Income	34,442	69,837	49,213	58,584	224,926	136,177	402,560
Interest Income and Dividend Revenue	5,038	4,298	4,396	6,060	6,809	14,448	21,563
Other	252	(133)	(274)	2,113	1,678	894	3,384
<b>Total Revenues</b>	<b>403,893</b>	<b>568,543</b>	<b>605,312</b>	<b>660,800</b>	<b>1,370,470</b>	<b>1,634,328</b>	<b>3,205,125</b>
<b>Expenses</b>							
Compensation	54,201	69,459	73,792	75,346	75,625	271,122	294,222
Performance Fee Compensation							
Realized Carried Interest	35,118	25,863	55,005	38,942	29,027	62,418	148,837
Realized Incentive Fees	6,617	1,724	15,733	1,919	4,502	13,060	23,878
Unrealized Carried Interest	31,590	89,057	78,604	99,323	299,853	165,482	566,837
Unrealized Incentive Fees	(6,598)	1,034	(16,329)	615	(335)	(583)	(15,015)
Total Compensation and Benefits	120,928	187,137	206,805	216,145	408,672	511,499	1,018,759
Other Operating Expenses	36,946	28,462	27,617	30,614	29,698	123,714	116,391
<b>Total Expenses</b>	<b>157,874</b>	<b>215,599</b>	<b>234,422</b>	<b>246,759</b>	<b>438,370</b>	<b>635,213</b>	<b>1,135,150</b>
<b>Economic Income</b>	<b>\$ 246,019</b>	<b>\$ 352,944</b>	<b>\$ 370,890</b>	<b>\$ 414,041</b>	<b>\$ 932,100</b>	<b>\$ 999,115</b>	<b>\$ 2,069,975</b>
Total Assets Under Management	\$ 56,695,645	\$ 59,475,215	\$ 63,919,906	\$ 68,964,455	\$ 79,410,788	\$ 56,695,645	\$ 79,410,788
Fee-Earning Assets Under Management	\$ 41,931,339	\$ 42,140,507	\$ 43,635,493	\$ 44,715,985	\$ 50,792,803	\$ 41,931,339	\$ 50,792,803
Weighted Average Fee-Earning AUM	\$ 40,164,238	\$ 41,682,661	\$ 42,523,604	\$ 44,163,396	\$ 50,568,609	\$ 37,730,563	\$ 45,326,937
LP Capital Invested	\$ 3,876,701	\$ 1,175,775	\$ 2,213,668	\$ 2,365,224	\$ 3,986,610	\$ 8,218,175	\$ 9,741,277
Total Capital Invested	\$ 3,990,620	\$ 1,202,736	\$ 2,274,853	\$ 2,438,725	\$ 4,333,419	\$ 8,515,483	\$ 10,249,733

(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)	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13	FY'12	FY'13
<b>Revenues</b>							
<b>Management Fees, Net</b>							
Base Management Fees	\$ 92,777	\$ 92,791	\$ 100,113	\$ 103,392	\$ 113,025	\$ 346,210	\$ 409,321
Transaction and Other Fees, Net <sup>(a)</sup>	27	4	61	295	263	188	623
Management Fee Offsets <sup>(b)</sup>	(322)	(324)	(714)	(1,200)	(1,149)	(1,414)	(3,387)
<b>Total Management Fees, Net</b>	<b>92,482</b>	<b>92,471</b>	<b>99,460</b>	<b>102,487</b>	<b>112,139</b>	<b>344,984</b>	<b>406,557</b>
<b>Performance Fees</b>							
Realized Incentive Fees	76,323	13,709	13,845	5,320	174,861	83,433	207,735
Unrealized Incentive Fees	(39,799)	55,501	20,989	29,208	(97,980)	9,042	7,718
<b>Total Performance Fees</b>	<b>36,524</b>	<b>69,210</b>	<b>34,834</b>	<b>34,528</b>	<b>76,881</b>	<b>92,475</b>	<b>215,453</b>
<b>Investment Income (Loss)</b>							
Realized	5,201	852	13,668	(598)	13,691	7,270	27,613
Unrealized	(1,417)	3,913	(12,054)	6,439	(7,604)	8,517	(9,306)
<b>Total Investment Income</b>	<b>3,784</b>	<b>4,765</b>	<b>1,614</b>	<b>5,841</b>	<b>6,087</b>	<b>15,787</b>	<b>18,307</b>
Interest Income and Dividend Revenue	718	1,216	1,878	2,523	1,988	2,139	7,605
Other	3,601	85	(254)	595	262	3,816	688
<b>Total Revenues</b>	<b>137,109</b>	<b>167,747</b>	<b>137,532</b>	<b>145,974</b>	<b>197,357</b>	<b>459,201</b>	<b>648,610</b>
<b>Expenses</b>							
Compensation	28,113	33,868	36,844	37,611	28,147	119,731	136,470
<b>Performance Fee Compensation</b>							
Realized Incentive Fees	20,985	5,022	5,116	1,954	53,701	23,080	65,793
Unrealized Incentive Fees	(11,219)	19,836	7,666	10,177	(34,823)	1,317	2,856
<b>Total Compensation and Benefits</b>	<b>37,879</b>	<b>58,726</b>	<b>49,626</b>	<b>49,742</b>	<b>47,025</b>	<b>144,128</b>	<b>205,119</b>
Other Operating Expenses	16,491	15,159	16,535	19,575	15,697	57,809	66,966
<b>Total Expenses</b>	<b>54,370</b>	<b>73,885</b>	<b>66,161</b>	<b>69,317</b>	<b>62,722</b>	<b>201,937</b>	<b>272,085</b>
<b>Economic Income</b>	<b>\$ 82,739</b>	<b>\$ 93,862</b>	<b>\$ 71,371</b>	<b>\$ 76,657</b>	<b>\$ 134,635</b>	<b>\$ 257,264</b>	<b>\$ 376,525</b>
Total Assets Under Management	\$ 46,092,505	\$ 48,187,865	\$ 50,128,028	\$ 53,162,174	\$ 55,657,463	\$ 46,092,505	\$ 55,657,463
Fee-Earning Assets Under Management	\$ 43,478,791	\$ 45,585,454	\$ 47,572,465	\$ 50,829,734	\$ 52,865,837	\$ 43,478,791	\$ 52,865,837
Weighted Average Fee-Earning AUM	\$ 43,709,019	\$ 44,999,899	\$ 46,783,727	\$ 48,933,335	\$ 51,794,518	\$ 41,698,402	\$ 48,431,911
LP Capital Invested	\$ -	\$ 55,849	\$ 118,323	\$ 248,422	\$ 8,681	\$ 200,841	\$ 431,275
Total Capital Invested	\$ -	\$ 59,000	\$ 125,000	\$ 262,309	\$ 8,681	\$ 212,752	\$ 454,990

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

(b) Primarily placement fees.

# Credit

(Dollars in Thousands)	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13	FY'12	FY'13
<b>Revenues</b>							
<b>Management Fees, Net</b>							
Base Management Fees	\$ 94,450	\$ 91,364	\$ 101,940	\$ 101,900	\$ 102,954	\$ 345,277	\$ 398,158
Transaction and Other Fees, Net <sup>(a)</sup>	21,480	4,374	9,002	7,058	8,152	40,875	28,586
Management Fee Offsets <sup>(b)</sup>	(1,858)	(1,572)	(1,559)	(2,606)	(34,592)	(5,004)	(40,329)
<b>Total Management Fees, Net</b>	<b>114,072</b>	<b>94,166</b>	<b>109,383</b>	<b>106,352</b>	<b>76,514</b>	<b>381,148</b>	<b>386,415</b>
<b>Performance Fees</b>							
Realized Carried Interest	37,564	85,505	35,908	3,655	2,124	52,511	127,192
Realized Incentive Fees	183,538	7,926	29,920	22,181	160,709	192,375	220,736
Unrealized Carried Interest	24,103	(18,775)	13,808	35,946	77,099	162,045	108,078
Unrealized Incentive Fees	(132,051)	49,854	15,648	9,303	(73,698)	(38,234)	1,107
<b>Total Performance Fees</b>	<b>113,154</b>	<b>124,510</b>	<b>95,284</b>	<b>71,085</b>	<b>166,234</b>	<b>368,697</b>	<b>457,113</b>
<b>Investment Income (Loss)</b>							
Realized	2,593	3,328	901	496	(627)	15,611	4,098
Unrealized	5,450	1,093	4,381	(1,042)	9,519	4,769	13,951
<b>Total Investment Income (Loss)</b>	<b>8,043</b>	<b>4,421</b>	<b>5,282</b>	<b>(546)</b>	<b>8,892</b>	<b>20,380</b>	<b>18,049</b>
Interest Income and Dividend Revenue	2,480	4,547	4,071	5,288	4,240	9,330	18,146
Other	529	1,828	(1,063)	(357)	119	(1,174)	527
<b>Total Revenues</b>	<b>238,278</b>	<b>229,472</b>	<b>212,957</b>	<b>181,822</b>	<b>255,999</b>	<b>778,381</b>	<b>880,250</b>
<b>Expenses</b>							
Compensation	51,853	45,521	55,941	53,250	31,802	182,077	186,514
<b>Performance Fee Compensation</b>							
Realized Carried Interest	21,948	47,328	20,028	1,603	452	30,336	69,411
Realized Incentive Fees	98,156	3,762	14,165	10,726	82,591	103,902	111,244
Unrealized Carried Interest	15,150	(10,204)	6,109	19,216	42,026	97,562	57,147
Unrealized Incentive Fees	(74,148)	23,608	11,747	292	(35,139)	(45,262)	508
<b>Total Compensation and Benefits</b>	<b>112,959</b>	<b>110,015</b>	<b>107,990</b>	<b>85,087</b>	<b>121,732</b>	<b>368,615</b>	<b>424,824</b>
Other Operating Expenses	18,116	20,962	22,961	23,451	29,566	84,488	96,940
<b>Total Expenses</b>	<b>131,075</b>	<b>130,977</b>	<b>130,951</b>	<b>108,538</b>	<b>151,298</b>	<b>453,103</b>	<b>521,764</b>
<b>Economic Income</b>	<b>\$ 107,203</b>	<b>\$ 98,495</b>	<b>\$ 82,006</b>	<b>\$ 73,284</b>	<b>\$ 104,701</b>	<b>\$ 325,278</b>	<b>\$ 358,486</b>
Total Assets Under Management	\$ 56,428,837	\$ 58,055,781	\$ 62,236,513	\$ 63,318,446	\$ 65,014,348	\$ 56,428,837	\$ 65,014,348
Fee-Earning Assets Under Management	\$ 45,420,143	\$ 46,437,616	\$ 48,495,765	\$ 49,458,992	\$ 51,722,584	\$ 45,420,143	\$ 51,722,584
Weighted Average Fee-Earning AUM	\$ 45,947,499	\$ 45,960,690	\$ 47,723,711	\$ 48,645,182	\$ 50,655,628	\$ 42,574,690	\$ 48,397,611
LP Capital Invested	\$ 351,786	\$ 275,852	\$ 553,123	\$ 240,101	\$ 369,494	\$ 2,256,420	\$ 1,438,570
Total Capital Invested	\$ 349,397	\$ 287,727	\$ 577,399	\$ 287,158	\$ 443,150	\$ 2,808,993	\$ 1,595,434

(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)	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13	FY'12	FY'13
<b>Revenues</b>							
Advisory Fees	\$ 128,248	\$ 67,020	\$ 120,734	\$ 83,602	\$ 139,158	\$ 357,417	\$ 410,514
Transaction and Other Fees, Net	42	3	40	196	866	295	1,105
<b>Total Advisory and Transaction Fees</b>	<b>128,290</b>	<b>67,023</b>	<b>120,774</b>	<b>83,798</b>	<b>140,024</b>	<b>357,712</b>	<b>411,619</b>
<b>Investment Income (Loss)</b>							
Realized	637	234	(146)	(829)	(884)	1,392	(1,625)
Unrealized	(92)	(359)	(1,518)	1,006	1,610	1,348	739
<b>Total Investment Income (Loss)</b>	<b>545</b>	<b>(125)</b>	<b>(1,664)</b>	<b>177</b>	<b>726</b>	<b>2,740</b>	<b>(886)</b>
Interest Income and Dividend Revenue	2,045	1,616	1,746	2,437	2,221	7,157	8,020
Other	(95)	(61)	61	836	614	(804)	1,450
<b>Total Revenues</b>	<b>130,785</b>	<b>68,453</b>	<b>120,917</b>	<b>87,248</b>	<b>143,585</b>	<b>366,805</b>	<b>420,203</b>
<b>Expenses</b>							
Compensation	59,429	57,926	76,153	57,491	70,744	235,137	262,314
<b>Total Compensation and Benefits</b>	<b>59,429</b>	<b>57,926</b>	<b>76,153</b>	<b>57,491</b>	<b>70,744</b>	<b>235,137</b>	<b>262,314</b>
Other Operating Expenses	19,378	20,693	20,861	19,208	21,443	84,589	82,205
<b>Total Expenses</b>	<b>78,807</b>	<b>78,619</b>	<b>97,014</b>	<b>76,699</b>	<b>92,187</b>	<b>319,726</b>	<b>344,519</b>
<b>Economic Income (Loss)</b>	<b>\$ 51,978</b>	<b>\$ (10,166)</b>	<b>\$ 23,903</b>	<b>\$ 10,549</b>	<b>\$ 51,398</b>	<b>\$ 47,079</b>	<b>\$ 75,684</b>

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

- ▶ Blackstone had \$3.4 billion of accrued performance fees, net of performance fee compensation and distributed Realized Performance Fees, at the end of 2013.

(Dollars in Millions, Except per Unit Data)	Net Accrued Performance Fees <sup>(b)</sup>				Carried Interest Status (excl. SBS) <sup>(d)</sup>					
	Remaining Capital		Gain to Cross Carry Threshold							
	Fair Value	Cost	Amount	% Change in TEV	% Change in Equity Value					
	3Q'13	4Q'13	Per Unit <sup>(c)</sup>	Change vs. 3Q'13	(Dollars / Euros In Millions)					
<b>Private Equity</b>					<b>Private Equity</b>					
BCP IV Carried Interest	\$ 506	\$ 424	\$ 0.37	\$ (82)	BCP V	\$ 17,968	\$ 12,277	\$ 1,596	4%	9%
BCP V Carried Interest	-	26	0.02	26	BCP V-AC	2,203	1,264	(344)	(9)%	(16)%
BCP VI Carried Interest	15	108	0.10	93	<b>Real Estate</b>					
BEP Carried Interest	62	65	0.06	3	BREP Int'l II	€ 1,347	€ 1,127	€ 880	20%	65%
Tactical Opportunities Carried Interest	5	8	0.01	3						
SP V Carried Interest	1	1	0.00	-						
<b>Total Private Equity</b>	<b>589</b>	<b>632</b>	<b>0.56</b>	<b>43</b>						
<b>Real Estate</b>										
BREP V Carried Interest	616	603	0.53	(13)						
BREP VI Carried Interest	857	1,264	1.11	407						
BREP VII Carried Interest	248	293	0.26	45						
BREP Int'l I Carried Interest	2	2	0.00	-						
BREP Europe III Carried Interest	128	155	0.14	27						
BREP Asia Carried Interest	-	4	0.00	4						
BREDS Carried Interest	21	12	0.01	(9)						
BREDS Incentive Fees	2	4	0.00	2						
Asia Platform Incentive Fees	16	10	0.01	(6)						
<b>Total Real Estate</b>	<b>1,890</b>	<b>2,347</b>	<b>2.07</b>	<b>457</b>						
<b>Hedge Fund Solutions</b>										
Incentive Fees	75	144	0.13	69						
<b>Total Hedge Fund Solutions</b>	<b>75</b>	<b>144</b>	<b>0.13</b>	<b>69</b>						
<b>Credit</b>										
Carried Interest	143	173	0.15	30						
Incentive Fees	72	104	0.09	32						
<b>Total Credit</b>	<b>215</b>	<b>277</b>	<b>0.24</b>	<b>62</b>						
<b>Total Blackstone</b>										
Carried Interest	2,604	3,138	2.76	534						
Incentive Fees	165	262	0.23	97						
<b>Net Accrued Performance Fees</b>	<b>\$ 2,769</b>	<b>\$ 3,400</b>	<b>\$ 3.00</b>	<b>\$ 631</b>						
<i>Memo: Net Realized Performance Fees</i>	<i>\$ 64</i>	<i>\$ 261</i>	<i>\$ 0.23</i>	<i>\$ 197</i>						

**\$3.4 billion**

Net Accrued Performance Fees at 4Q'13

**\$3.00 per unit<sup>(c)</sup>**

Net Accrued Performance Fees at 4Q'13

**52% increase**

in Net Accrued Performance Fees since 4Q'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. Net Realized Performance Fees are included in Distributable Earnings. When these fees are received, the receivable is reduced without further impacting Distributable Earnings.

(c) Per Unit calculations are based on quarter end Distributable Earnings Units Outstanding (see Appendix – Unit Rollforward (see page 32)).

(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 December 31, 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 (Jun 2000 / Jun 2006)	2,137,330	199,298	225,356	1.1x	-	2,619,040	1.4x	2,844,396	1.3x	7%	5%	
BCP IV (Nov 2002 / Dec 2005)	6,773,138	234,535	4,122,422	2.1x	66%	17,167,004	3.1x	21,289,426	2.8x	46%	37%	
BCP V (Dec 2005 / Jan 2011)	21,024,025	1,459,100	21,730,495	1.6x	46%	7,982,798	1.3x	29,713,293	1.5x	5%	7%	
BCP VI (Jan 2011 / Jan 2017)	15,176,699	10,440,379	5,149,585	1.3x	25%	467,034	1.5x	5,616,619	1.4x	26%	11%	
BEP (Aug 2011 / Aug 2017)	2,423,572	1,462,591	1,324,309	2.0x	59%	218,847	1.4x	1,543,156	1.9x	20%	55%	
<b>Total Corporate Private Equity</b>	<b>\$ 53,722,367</b>	<b>\$ 13,795,903</b>	<b>\$ 32,552,167</b>	<b>1.6x</b>	<b>45%</b>	<b>\$ 42,637,968</b>	<b>2.1x</b>	<b>\$ 75,190,135</b>	<b>1.8x</b>	<b>20%</b>	<b>16%</b>	
Tactical Opportunities	4,906,599	3,623,819	1,419,729	1.1x	8%	112,200	1.1x	1,531,929	1.1x	18%	14%	
Strategic Partners	13,078,843	3,328,622	5,964,811	1.6x	n/a	9,280,114	1.3x	15,244,925	1.4x	n/a	14%	
Other Funds and Co-Invest (e)	1,210,951	150,858	518,118	0.6x	50%	20,890	1.0x	539,008	0.6x	n/m	n/m	
<b>Total Private Equity</b>	<b>\$ 72,918,760</b>	<b>\$ 20,899,202</b>	<b>\$ 40,454,825</b>	<b>1.5x</b>	<b>42%</b>	<b>\$ 52,051,172</b>	<b>1.9x</b>	<b>\$ 92,505,997</b>	<b>1.7x</b>	<b>20%</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	-	1,394,262	1.0x	-	3,091,303	2.4x	4,485,565	1.6x	66%	14%	
BREP V (Dec 2005 / Feb 2007)	5,538,579	243,946	7,144,648	1.8x	-	3,496,273	2.0x	10,640,921	1.8x	29%	10%	
BREP VI (Feb 2007 / Aug 2011)	11,057,280	656,849	18,726,900	2.1x	62%	3,562,643	2.1x	22,289,543	2.1x	24%	14%	
BREP VII (Aug 2011 / Feb 2017)	14,512,884	5,771,958	10,775,482	1.4x	3%	1,467,953	1.6x	12,243,435	1.4x	43%	30%	
<b>Total Global Real Estate Funds</b>	<b>\$ 36,549,906</b>	<b>\$ 6,672,753</b>	<b>\$ 38,043,453</b>	<b>1.7x</b>	<b>31%</b>	<b>\$ 19,147,816</b>	<b>2.1x</b>	<b>\$ 57,191,269</b>	<b>1.8x</b>	<b>27%</b>	<b>17%</b>	
<b>Euro</b>												
BREP Int'l (Jan 2001 / Sep 2005)	€ 824,172	€ -	€ 104,405	1.2x	-	€ 1,235,480	2.2x	€ 1,339,885	2.0x	25%	23%	
BREP Int'l II (Sep 2005 / Jun 2008)	1,627,954	80,188	1,464,376	1.2x	45%	198,004	1.2x	1,662,380	1.2x	3%	2%	
BREP Europe III (Jun 2008 / Dec 2013)	3,203,848	633,457	3,590,801	1.5x	-	491,882	1.8x	4,082,683	1.5x	26%	17%	
BREP Europe IV (Sep 2013 / Mar 2019)	4,138,214	3,699,039	482,005	1.0x	-	-	n/a	482,005	1.0x	n/a	4%	
<b>Total Euro Real Estate Funds</b>	<b>€ 9,794,188</b>	<b>€ 4,412,684</b>	<b>€ 5,641,587</b>	<b>1.3x</b>	<b>12%</b>	<b>€ 1,925,366</b>	<b>1.9x</b>	<b>€ 7,566,953</b>	<b>1.4x</b>	<b>24%</b>	<b>10%</b>	
BREP Co-Investment (f)	\$ 5,160,385	\$ -	\$ 8,424,422	1.8x	69%	\$ 700,979	1.5x	\$ 9,125,401	1.8x	18%	17%	
BREP Asia (Jun 2013 / Dec 2017)	3,247,727	2,695,256	669,067	1.1x	-	-	n/a	669,067	1.1x	n/a	56%	
<b>Total Real Estate</b>	<b>\$ 57,682,409</b>	<b>\$ 15,432,082</b>	<b>\$ 54,719,266</b>	<b>1.6x</b>	<b>34%</b>	<b>\$ 22,319,606</b>	<b>2.1x</b>	<b>\$ 77,038,872</b>	<b>1.8x</b>	<b>26%</b>	<b>16%</b>	
BREDS I	\$ 2,840,704	\$ 452,965	\$ 1,759,288	1.2x	-	\$ 2,346,502	1.3x	\$ 4,105,790	1.2x	15%	12%	
BREDS II	3,334,676	2,247,733	1,132,398	1.0x	-	-	n/a	1,132,398	1.0x	n/a	11%	
<b>Total BREDS (g)</b>	<b>\$ 6,175,380</b>	<b>\$ 2,700,698</b>	<b>\$ 2,891,686</b>	<b>1.1x</b>	<b>-</b>	<b>\$ 2,346,502</b>	<b>1.3x</b>	<b>\$ 5,238,188</b>	<b>1.2x</b>	<b>15%</b>	<b>12%</b>	
<b>Credit (h)</b>												
Mezzanine	\$ 6,120,000	\$ 3,047,070	\$ 3,061,806	1.3x	-	\$ 3,959,095	1.6x	\$ 7,020,901	1.5x	n/a	19%	
Rescue Lending	8,378,143	5,313,337	4,249,064	1.5x	-	1,687,866	1.2x	5,936,930	1.4x	n/a	18%	
<b>Total Credit</b>	<b>\$ 14,498,143</b>	<b>\$ 8,360,407</b>	<b>\$ 7,310,870</b>	<b>1.4x</b>	<b>-</b>	<b>\$ 5,646,961</b>	<b>1.4x</b>	<b>\$ 12,957,831</b>	<b>1.4x</b>			

Notes on next page.

## Investment Records as of December 31, 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 December 31, 2013 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest. Net IRRs for BREP Europe IV, BREP Asia and BREDS II are calculated from commencement of their respective investment periods which, being less than one year, are not annualized.

(e) Returns for Other Funds and Co-Invest are not meaningful as these funds have no or little realizations.

(f) 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.

(g) Excludes Capital Trust drawdown funds.

(h) The Total Investments MOIC for Mezzanine and Rescue Lending Funds, excluding recycled capital during the investment period, was 1.9x and 1.5x, respectively.

## Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13	FY'12	FY'13
<b>Net Income Attributable to The Blackstone Group L.P.</b>	\$ 106,413	\$ 167,635	\$ 211,148	\$ 171,164	\$ 621,255	\$ 218,598	\$ 1,171,202
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	169,918	207,090	249,134	208,332	675,289	407,727	1,339,845
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	(180,011)	(9,452)	27,944	30,231	149,834	99,959	198,557
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	25,151	62,316	22,366	51,188	47,445	103,598	183,315
<b>Net Income</b>	\$ 121,471	\$ 427,589	\$ 510,592	\$ 460,915	\$ 1,493,823	\$ 829,882	\$ 2,892,919
Provision for Taxes	65,696	50,993	56,082	57,477	91,090	185,023	255,642
<b>Income Before Provision for Taxes</b>	\$ 187,167	\$ 478,582	\$ 566,674	\$ 518,392	\$ 1,584,913	\$ 1,014,905	\$ 3,148,561
IPO and Acquisition-Related Charges <sup>(a)</sup>	317,499	186,962	178,706	190,525	166,514	1,079,511	722,707
Amortization of Intangibles <sup>(b)</sup>	26,487	25,657	24,322	27,525	29,139	150,148	106,643
(Income) Loss Associated with Non-Controlling Interests in (Income) Loss of Consolidated Entities <sup>(c)</sup>	154,860	(52,864)	(50,310)	(81,419)	(197,279)	(203,557)	(381,872)
<b>Economic Income</b>	\$ 686,013	\$ 638,337	\$ 719,392	\$ 655,023	\$ 1,583,287	\$ 2,041,007	\$ 3,596,039
Taxes <sup>(d)</sup>	(16,032)	(10,031)	(16,152)	(14,792)	(41,189)	(45,708)	(82,164)
<b>Economic Net Income</b>	\$ 669,981	\$ 628,306	\$ 703,240	\$ 640,231	\$ 1,542,098	\$ 1,995,299	\$ 3,513,875
Taxes <sup>(d)</sup>	16,032	10,031	16,152	14,792	41,189	45,708	82,164
Performance Fee Adjustment <sup>(e)</sup>	(470,173)	(603,999)	(719,219)	(544,936)	(1,688,219)	(1,593,765)	(3,556,373)
Investment Income (Loss) Adjustment <sup>(f)</sup>	(111,670)	(134,771)	(97,119)	(99,172)	(356,743)	(286,244)	(687,805)
Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(g)</sup>	4,690	(1,729)	(21,452)	(712)	4,319	25,769	(19,574)
Performance Fee Compensation and Benefits Adjustment <sup>(h)</sup>	163,744	239,895	286,832	168,393	718,062	513,546	1,413,182
<b>Fee Related Earnings</b>	\$ 272,604	\$ 137,733	\$ 168,434	\$ 178,596	\$ 260,706	\$ 700,313	\$ 745,469
Realized Performance Fees <sup>(i)</sup>	262,710	218,952	147,231	138,924	455,068	392,411	960,175
Realized Investment Income <sup>(i)</sup>	37,448	38,110	54,586	11,492	66,283	95,398	170,471
Adjustment Related to Realized Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(k)</sup>	(6,444)	(3,820)	1,469	6,672	8,873	(21,872)	13,194
Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(l)</sup>	(72,553)	(12,148)	(44,220)	(31,756)	(68,610)	(132,325)	(156,734)
Equity-Based Compensation <sup>(m)</sup>	68,572	12,085	10,985	8,745	98,309	90,040	130,124
<b>Distributable Earnings</b>	\$ 562,337	\$ 390,912	\$ 338,485	\$ 312,673	\$ 820,629	\$ 1,123,965	\$ 1,862,699
Interest Expense	24,585	26,069	25,960	25,268	26,607	69,152	103,904
Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(l)</sup>	72,553	12,148	44,220	31,756	68,610	132,325	156,734
Depreciation and Amortization	12,681	8,643	9,116	8,956	8,726	42,235	35,441
<b>Adjusted EBITDA</b>	\$ 672,156	\$ 437,772	\$ 417,781	\$ 378,653	\$ 924,572	\$ 1,367,677	\$ 2,158,778



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

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Note: See Appendix – Definitions and Distribution Policy (see page 33).

- (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 EI.

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

(Dollars in Thousands)	4Q'13	FY'13
Interest Income and Dividend Revenue	\$ 19,394	\$ 70,936
Other Revenue	4,621	10,308
Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	4,319	(19,574)
<b>Interest Income and Other Revenue</b>	<b>\$ 28,334</b>	<b>\$ 61,670</b>
Realized Incentive Fees	343,501	474,333
Less: Realized Incentive Fee Compensation	(140,794)	(200,915)
<b>Net Realized Incentive Fees</b>	<b>\$ 202,707</b>	<b>\$ 273,418</b>
Realized Carried Interest	283,846	943,958
Less: Realized Carried Interest Compensation	(31,485)	(257,201)
<b>Net Realized Carried Interest</b>	<b>\$ 252,361</b>	<b>\$ 686,757</b>
Realized Investment Income	66,283	170,471
Adjustment Related to Realized Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	8,873	13,194
<b>Net Realized Investment Income</b>	<b>\$ 75,156</b>	<b>\$ 183,665</b>
<b>Equity-Based Compensation<sup>(b)</sup></b>	<b>\$ 98,309</b>	<b>\$ 130,124</b>
Unrealized Incentive Fees	(173,033)	(19,928)
Less: Unrealized Incentive Fee Compensation	70,297	11,651
<b>Net Unrealized Incentive Fees</b>	<b>\$ (102,736)</b>	<b>\$ (8,277)</b>
Unrealized Carried Interest	1,233,905	2,158,010
Less: Unrealized Carried Interest Compensation	(616,080)	(966,717)
<b>Net Unrealized Carried Interest</b>	<b>\$ 617,825</b>	<b>\$ 1,191,293</b>
Unrealized Investment Income	290,460	517,334
Less: Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	(4,319)	19,574
Less: Adjustment Related to Realized Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	(8,873)	(13,194)
<b>Net Unrealized Investment Income</b>	<b>\$ 277,268</b>	<b>\$ 523,714</b>
<b>Related Payables<sup>(c)</sup></b>	<b>\$ 27,421</b>	<b>\$ 74,570</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 (see pages 29-30).

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

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

## Unit Rollforward

	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13	FY'12	FY'13
Total GAAP Weighted-Average Common Units Outstanding - Basic	553,989,577	582,322,183	583,843,094	589,643,844	592,129,570	533,703,606	587,018,828
<i>Adjustments:</i>							
Weighted-Average Unvested Deferred Restricted Common Units	2,430,014	3,377,716	2,919,959	3,276,951	4,536,624	4,965,464	3,527,812
<b>Total GAAP Weighted-Average Common Units Outstanding - Diluted</b>	<b>556,419,591</b>	<b>585,699,899</b>	<b>586,763,053</b>	<b>592,920,795</b>	<b>596,666,194</b>	<b>538,669,070</b>	<b>590,546,640</b>
<i>Adjustments:</i>							
Weighted-Average Blackstone Holdings Partnership Units	581,202,276	557,463,170	555,224,714	551,916,623	549,773,866	590,446,577	553,579,525
<b>Weighted-Average Economic Net Income Adjusted Units</b>	<b>1,137,621,867</b>	<b>1,143,163,069</b>	<b>1,141,987,767</b>	<b>1,144,837,418</b>	<b>1,146,440,060</b>	<b>1,129,115,647</b>	<b>1,144,126,165</b>
<b>Economic Net Income Adjusted Units, End of Period</b>	<b>1,143,019,281</b>	<b>1,143,893,134</b>	<b>1,142,576,555</b>	<b>1,145,675,305</b>	<b>1,150,867,868</b>	<b>1,143,019,281</b>	<b>1,150,867,868</b>
Total Common Units Outstanding <sup>(a)</sup>	568,600,922	573,275,746	576,466,264	584,860,157	588,165,949	568,600,922	588,165,949
<i>Adjustments:</i>							
Blackstone Holdings Partnership Units	553,614,040	554,603,708	550,902,208	550,274,903	547,021,277	553,614,040	547,021,277
<b>Distributable Earnings Units Outstanding<sup>(b)</sup></b>	<b>1,122,214,962</b>	<b>1,127,879,454</b>	<b>1,127,368,472</b>	<b>1,135,135,060</b>	<b>1,135,187,226</b>	<b>1,122,214,962</b>	<b>1,135,187,226</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. 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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This presentation 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 presentation 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 presentation does not constitute an offer of any Blackstone Fund.