

# Blackstone

## Blackstone Reports First Quarter Results

**New York, April 17, 2014:** Blackstone (NYSE:BX) today reported its first quarter 2014 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Blackstone reported first quarter records for Economic Net Income and Distributable Earnings, with continued strong momentum across the board. With leading, global platforms across multiple asset classes, our investors benefit from our ability to identify relative value across markets and deploy capital toward ideas with the best risk-reward profile. As such, the environment for new investments has remained favorable for us and we deployed or committed \$7.4 billion in the quarter. This also translates into leading investment performance and our investors have entrusted us with greater amounts of their capital as a result. Blackstone remains one of the fastest growing managers in the fastest growing part of asset management, and we ended the quarter with a record \$272 billion in total assets under management, up 25% year over year.”

Blackstone issued a full detailed presentation of its first quarter 2014 results, which can be viewed at [www.Blackstone.com](http://www.Blackstone.com).

### Distribution

Blackstone has declared a quarterly distribution of \$0.35 per common unit to record holders of common units at the close of business on April 28, 2014. This distribution will be paid on May 5, 2014.

### Quarterly Investor Call Details

Blackstone will host a conference call on April 17, 2014 at 11:00 a.m. ET to discuss first quarter 2014 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 611 288 63#.

### 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, 2013, 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.

### **Investor and Media Relations Contacts**

Joan Solotar  
Blackstone  
Tel: +1 (212) 583-5068  
[solotar@blackstone.com](mailto:solotar@blackstone.com)

Weston Tucker  
Blackstone  
Tel: +1 (212) 583-5231  
[tucker@blackstone.com](mailto:tucker@blackstone.com)

Peter Rose  
Blackstone  
Tel: +1 (212) 583-5871  
[rose@blackstone.com](mailto:rose@blackstone.com)

# Blackstone's First Quarter 2014 Earnings

April 17, 2014

## **Blackstone's First Quarter 2014 Highlights**

---

- ▶ Blackstone's Economic Net Income ("ENI") was \$814 million (\$0.70/unit) for the quarter, up 30% from last year, reflecting continued strong growth in Fee Revenues and Performance Fees.
  - ENI was \$3.7 billion (\$3.23/unit) for the last twelve months, up 73% from \$2.1 billion (\$1.88/unit) in the same period last year.
- ▶ Distributable Earnings ("DE") were \$485 million for the quarter (\$0.41/unit), up 24% from the same period last year, driven by strong growth in Realized Performance Fees and Realized Investment Income.
- ▶ GAAP Net Income was \$266 million for the quarter, net of certain non-cash IPO and transaction related expenses and exclusive of net income attributable to non-controlling interests, primarily inside ownership.
- ▶ Total Assets Under Management ("AUM") reached \$272 billion, up 25% year-over-year with double-digit increases across all investing businesses, through strong inflows and consistent appreciation.
  - Gross inflows were \$10.2 billion in the first quarter and \$62.0 billion for the last twelve months.
  - Blackstone's funds returned \$11.5 billion<sup>(a)</sup> of capital to investors during the first quarter and \$41.9 billion<sup>(a)</sup> over the last twelve months as the environment for realizing gains remained strong.
- ▶ Increased investment activity led to \$7.4 billion of capital invested and/or committed during the first quarter, bringing the last twelve months to \$21.6 billion.
- ▶ Blackstone accelerated the release of its final annual K-1 tax forms which were made available to common unitholders in late March.

---

(a) See page 11, Total Assets Under Management, notes (b) and (c).

## Blackstone's First Quarter 2014 Earnings

| (Dollars in Thousands, Except per Unit Data) | 1Q'13               | 1Q'14               | % Change<br>vs. 1Q'13 | 1Q'13 LTM           | 1Q'14 LTM           | % Change<br>vs. 1Q'13 LTM |
|--|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------------|
| Fee Revenues                                 | \$ 520,883          | \$ 613,338          | 18%                   | \$ 2,202,737        | \$ 2,459,777        | 12%                       |
| Performance Fees                             | 603,999             | 779,014             | 29%                   | 1,812,008           | 3,731,388           | 106%                      |
| Investment Income                            | 134,771             | 116,467             | (14)%                 | 337,609             | 669,501             | 98%                       |
| <b>Total Revenues</b>                        | <b>\$ 1,259,653</b> | <b>\$ 1,508,819</b> | <b>20%</b>            | <b>\$ 4,352,354</b> | <b>\$ 6,860,666</b> | <b>58%</b>                |
| Total Expenses                               | 621,316             | 683,573             | 10%                   | 2,173,278           | 3,077,718           | 42%                       |
| Taxes  | 10,031              | 11,312              | 13%                   | 46,688              | 83,445              | 79%                       |
| <b>Economic Net Income ("ENI")</b>           | <b>\$ 628,306</b>   | <b>\$ 813,934</b>   | <b>30%</b>            | <b>\$ 2,132,388</b> | <b>\$ 3,699,503</b> | <b>73%</b>                |
| <i>ENI per Unit<sup>(a)</sup></i>            | <i>\$ 0.55</i>      | <i>\$ 0.70</i>      | <i>27%</i>            | <i>\$ 1.88</i>      | <i>\$ 3.23</i>      | <i>72%</i>                |
| GAAP Net Income                              | \$ 167,635          | \$ 265,617          | 58%                   | \$ 327,908          | \$ 1,269,184        | 287%                      |
| Fee Related Earnings ("FRE")                 | \$ 137,733          | \$ 174,829          | 27%                   | \$ 691,118          | \$ 782,565          | 13%                       |
| <b>Distributable Earnings ("DE")</b>         | <b>\$ 390,912</b>   | <b>\$ 485,112</b>   | <b>24%</b>            | <b>\$ 1,344,910</b> | <b>\$ 1,956,899</b> | <b>46%</b>                |
| <i>DE per Common Unit<sup>(b)</sup></i>      | <i>\$ 0.34</i>      | <i>\$ 0.41</i>      | <i>21%</i>            | <i>\$ 1.12</i>      | <i>\$ 1.63</i>      | <i>46%</i>                |
| Total Assets Under Management                | \$218,210,672       | \$271,745,583       | 25%                   | \$218,210,672       | \$271,745,583       | 25%                       |
| Fee-Earning Assets Under Management          | \$170,949,347       | \$203,599,604       | 19%                   | \$170,949,347       | \$203,599,604       | 19%                       |

Note: LTM represents the last twelve months' results for the respective periods presented. Throughout this presentation, LTM per Unit amounts equal the sum of the relevant per unit amounts for the preceding four quarters.

(a) ENI per Unit is based on the Weighted-Average ENI Adjusted Units. See page 30, Unit Rollforward.

(b) DE per Common Unit equals DE Attributable to Common Unitholders divided by Total Common Units Outstanding. See page 30, Unit Rollforward.

## Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

|                                     | 1Q'14             |                         | 1Q'14 LTM           |                         |
|-------------------------------------|-------------------|-------------------------|---------------------|-------------------------|
|                                     | Results           | Per Unit <sup>(a)</sup> | Results             | Per Unit <sup>(a)</sup> |
| ▶ Base Management Fees              | \$ 476,878        |                         | \$ 1,808,938        |                         |
| ▶ Advisory Fees                     | 69,963            |                         | 413,457             |                         |
| ▶ Transaction and Other Fees, Net   | 59,910            |                         | 228,913             |                         |
| ▶ Management Fee Offsets            | (16,644)          |                         | (79,202)            |                         |
| ▶ Interest Income and Other Revenue | 31,041            |                         | 77,636              |                         |
| ▶ Compensation                      | (306,545)         |                         | (1,155,208)         |                         |
| ▶ Other Operating Expenses          | (139,774)         |                         | (511,969)           |                         |
| <b>Fee Related Earnings</b>         | <b>\$ 174,829</b> | <b>\$ 0.15</b>          | <b>\$ 782,565</b>   | <b>\$ 0.69</b>          |
| ▶ Net Realized Incentive Fees       | 30,202            |                         | 289,401             |                         |
| ▶ Net Realized Carried Interest     | 184,225           |                         | 666,249             |                         |
| ▶ Net Realized Investment Income    | 110,573           |                         | 259,948             |                         |
| ▶ Taxes and Related Payables        | (31,054)          |                         | (175,640)           |                         |
| ▶ Equity-Based Compensation         | 16,337            |                         | 134,376             |                         |
| <b>Distributable Earnings</b>       | <b>\$ 485,112</b> | <b>\$ 0.41</b>          | <b>\$ 1,956,899</b> | <b>\$ 1.63</b>          |
| ▶ Net Unrealized Incentive Fees     | 37,735            |                         | (33,819)            |                         |
| ▶ Net Unrealized Carried Interest   | 289,598           |                         | 1,399,016           |                         |
| ▶ Net Unrealized Investment Income  | (1,916)           |                         | 419,588             |                         |
| ▶ Add Back: Related Payables        | 19,742            |                         | 92,195              |                         |
| ▶ Less: Equity-Based Compensation   | (16,337)          |                         | (134,376)           |                         |
| <b>Economic Net Income</b>          | <b>\$ 813,934</b> | <b>\$ 0.70</b>          | <b>\$ 3,699,503</b> | <b>\$ 3.23</b>          |

Fee Earnings

Distributable Earnings

Economic Net Income

See page 29, 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 on page 18, Total Segments.

(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 page 30, Unit Rollforward).



## Private Equity

- ▶ Total Revenues up 115% to \$484 million for the quarter and Economic Income up 209% to \$319 million.
  - Performance Fees up over 400% to \$287 million from \$56 million in the first quarter of 2013.
- ▶ Carrying value of portfolio assets<sup>(a)</sup> appreciated 7.0% in the quarter and 27.0% for the last twelve months, driven by private holdings in the healthcare and services sectors and public holdings.
- ▶ BCP V appreciated 5.6%, accruing \$49 million of Performance Fees during the quarter, and the BCP V “main fund” further reduced its gap to the preferred return hurdle by 43% to \$916 million.
- ▶ Robust realization activity, with \$4.7 billion harvested during the quarter compared to \$2.0 billion in the first quarter of 2013, and \$12.3 billion over the last twelve months up from \$4.6 billion in the comparable period.
- ▶ Sharp increase in investment activity with \$3.1 billion of total capital invested and/or committed for the quarter and \$6.2 billion during the last twelve months.
- ▶ Additional closes in Tactical Opportunities of \$510 million (\$5.6 billion total) and latest Strategic Partners secondary fund of funds of \$854 million (\$1.5 billion total).

| (Dollars in Thousands)       | 1Q'13             | 1Q'14             | % Change<br>vs. 1Q'13 | 1Q'13 LTM         | 1Q'14 LTM         | % Change<br>vs. 1Q'13 LTM |
|------------------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|---------------------------|
| Fee Revenues                 | \$ 113,627        | \$ 145,810        | 28%                   | \$ 470,039        | \$ 511,495        | 9%                        |
| Performance Fees             | 55,938            | 286,870           | 413%                  | 276,132           | 959,157           | 247%                      |
| Investment Income            | 55,873            | 51,502            | (8)%                  | 136,653           | 245,404           | 80%                       |
| <b>Total Revenues</b>        | <b>225,438</b>    | <b>484,182</b>    | <b>115%</b>           | <b>882,824</b>    | <b>1,716,056</b>  | <b>94%</b>                |
| Compensation                 | 60,203            | 73,307            | 22%                   | 230,365           | 249,224           | 8%                        |
| Performance Fee Compensation | 32,865            | 58,623            | 78%                   | 95,831            | 407,444           | 325%                      |
| Other Operating Expenses     | 29,168            | 33,006            | 13%                   | 131,132           | 127,975           | (2)%                      |
| <b>Total Expenses</b>        | <b>122,236</b>    | <b>164,936</b>    | <b>35%</b>            | <b>457,328</b>    | <b>784,643</b>    | <b>72%</b>                |
| <b>Economic Income</b>       | <b>\$ 103,202</b> | <b>\$ 319,246</b> | <b>209%</b>           | <b>\$ 425,496</b> | <b>\$ 931,413</b> | <b>119%</b>               |
| Total AUM                    | \$ 52,491,811     | \$ 66,142,945     | 26%                   | \$ 52,491,811     | \$ 66,142,945     | 26%                       |
| Fee-Earning AUM              | \$ 36,785,770     | \$ 41,150,728     | 12%                   | \$ 36,785,770     | \$ 41,150,728     | 12%                       |

27.0%

1Q'14 LTM increase in fund carrying value<sup>(a)</sup>

\$120 million

1Q'14 Realized Performance Fees

\$820 million

1Q'14 Net Accrued Performance Fees

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



## Real Estate

- ▶ Fee Revenues rose 18% compared to the first quarter of 2013 reflecting Management Fees from latest European fund and first Asian fund.
- ▶ Real Estate Funds' carrying value<sup>(a)</sup> appreciated 3.8% for the quarter and 27.8% for the last twelve months, driven by valuation increases from private investments in the office and industrial sectors and certain public holdings.
- ▶ Realized Performance Fees totaled \$195 million in the first quarter of 2014 compared with \$72 million a year ago.
  - Significant proceeds of \$1.3 billion from partial realizations in the global office portfolio including Broadgate Estate, Equity Office Properties, CarrAmerica and Trizec.
- ▶ Raised \$2.2 billion of capital during the quarter, including \$1.3 billion from the final closing of the latest European fund (\$6.9 billion total), \$245 million in the Asian fund (\$3.5 billion total) and \$563 million in debt strategies.
- ▶ BXMT, the commercial mortgage REIT, completed two successful common equity issuances to fund continued strong origination activity, bringing it to \$1.4 billion of current market capitalization<sup>(b)</sup>.
- ▶ Invested \$1.7 billion with an additional \$1.9 billion committed at quarter end, bringing the total capital invested plus committed to \$12.7 billion for the last twelve months.

| (Dollars in Thousands)       | 1Q'13             | 1Q'14             | % Change<br>vs. 1Q'13 | 1Q'13 LTM           | 1Q'14 LTM           | % Change<br>vs. 1Q'13 LTM |
|------------------------------|-------------------|-------------------|-----------------------|---------------------|---------------------|---------------------------|
| Fee Revenues                 | \$ 144,365        | \$ 170,103        | 18%                   | \$ 612,671          | \$ 672,721          | 10%                       |
| Performance Fees             | 354,341           | 337,606           | (5)%                  | 990,726             | 2,138,847           | 116%                      |
| Investment Income            | 69,837            | 36,736            | (47)%                 | 172,290             | 369,459             | 114%                      |
| <b>Total Revenues</b>        | <b>568,543</b>    | <b>544,445</b>    | <b>(4)%</b>           | <b>1,775,687</b>    | <b>3,181,027</b>    | <b>79%</b>                |
| Compensation                 | 69,459            | 80,233            | 16%                   | 271,692             | 304,996             | 12%                       |
| Performance Fee Compensation | 117,678           | 110,184           | (6)%                  | 295,933             | 717,043             | 142%                      |
| Other Operating Expenses     | 28,462            | 33,107            | 16%                   | 123,252             | 121,036             | (2)%                      |
| <b>Total Expenses</b>        | <b>215,599</b>    | <b>223,524</b>    | <b>4%</b>             | <b>690,877</b>      | <b>1,143,075</b>    | <b>65%</b>                |
| <b>Economic Income</b>       | <b>\$ 352,944</b> | <b>\$ 320,921</b> | <b>(9)%</b>           | <b>\$ 1,084,810</b> | <b>\$ 2,037,952</b> | <b>88%</b>                |
| Total AUM                    | \$ 59,475,215     | \$ 81,333,562     | 37%                   | \$ 59,475,215       | \$ 81,333,562       | 37%                       |
| Fee-Earning AUM              | \$ 42,140,507     | \$ 53,490,834     | 27%                   | \$ 42,140,507       | \$ 53,490,834       | 27%                       |

27.8%

1Q'14 LTM increase in fund carrying value<sup>(a)</sup>

\$195 million

1Q'14 Realized Performance Fees

\$2.4 billion

1Q'14 Net Accrued Performance Fees

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

(b) Includes April 7, 2014 equity issuance of \$254.6 million net proceeds.

## Hedge Fund Solutions

- ▶ Total Revenues of \$194 million for the quarter, up 16% year-over-year driven by an increase in Fee-Earning AUM, up 22% over the same period last year.
- ▶ BAAM's Principal Solutions Composite<sup>(a)</sup> was up gross 1.8% for the quarter and 9.8% for the last twelve months.
- ▶ Fee-Earning AUM grew by \$10.0 billion, or 22% year-over-year to \$55.6 billion; April 1 subscriptions of \$795 million are not included in Fee-Earning AUM.
  - BAAM held an additional closing for its first permanent capital vehicle acquiring general partner interests in hedge funds bringing total commitments to \$1.4 billion.
  - 69% of Fee-Earning AUM is currently invested in specialized, customized or individual investor solutions.
- ▶ \$27.0 billion of Incentive Fee-Earning AUM, or 92% of the eligible total, were above the high water mark and/or hurdle, which was up 14% from \$23.6 billion a year ago.
- ▶ Dry powder of \$2.2 billion, up 82% from the first quarter of last year, primarily driven by the launch of the general partner interests vehicle.

| (Dollars in Thousands)       | 1Q'13            | 1Q'14             | % Change<br>vs. 1Q'13 | 1Q'13 LTM         | 1Q'14 LTM         | % Change<br>vs. 1Q'13 LTM |
|------------------------------|------------------|-------------------|-----------------------|-------------------|-------------------|---------------------------|
| Fee Revenues                 | \$ 93,772        | \$ 114,805        | 22%                   | \$ 362,874        | \$ 435,883        | 20%                       |
| Performance Fees             | 69,210           | 57,930            | (16)%                 | 135,200           | 204,173           | 51%                       |
| Investment Income            | 4,765            | 21,251            | 346%                  | 11,678            | 34,793            | 198%                      |
| <b>Total Revenues</b>        | <b>167,747</b>   | <b>193,986</b>    | <b>16%</b>            | <b>509,752</b>    | <b>674,849</b>    | <b>32%</b>                |
| Compensation                 | 33,868           | 40,571            | 20%                   | 125,366           | 143,173           | 14%                       |
| Performance Fee Compensation | 24,858           | 20,032            | (19)%                 | 40,583            | 63,823            | 57%                       |
| Other Operating Expenses     | 15,159           | 19,480            | 29%                   | 59,034            | 71,287            | 21%                       |
| <b>Total Expenses</b>        | <b>73,885</b>    | <b>80,083</b>     | <b>8%</b>             | <b>224,983</b>    | <b>278,283</b>    | <b>24%</b>                |
| <b>Economic Income</b>       | <b>\$ 93,862</b> | <b>\$ 113,903</b> | <b>21%</b>            | <b>\$ 284,769</b> | <b>\$ 396,566</b> | <b>39%</b>                |
| Total AUM                    | \$ 48,187,865    | \$ 58,262,659     | 21%                   | \$ 48,187,865     | \$ 58,262,659     | 21%                       |
| Fee-Earning AUM              | \$ 45,585,454    | \$ 55,571,357     | 22%                   | \$ 45,585,454     | \$ 55,571,357     | 22%                       |

9.8%

1Q'14 LTM Composite Return<sup>(a)</sup>

\$29.3 billion

Incentive Fee Eligible AUM at 1Q'14

\$1.6 billion

1Q'14 Fee-Earning Net Inflows

(a) BAAM's Principal Solutions Composite does not include BAAM's long-only equity, long-biased commodities, seed, strategic opportunities (external investments) and advisory platforms. Blackstone On a net of fees basis, the BAAM Principal Solutions Composite was up 1.6% for the quarter and 8.6% for the last twelve months.

## Credit

- ▶ Fee Revenues up 10% to \$110 million in the quarter, driven by a 15% increase in Fee-Earning AUM.
- ▶ Total AUM grew 14% year-over-year to \$66.0 billion due to robust net inflows and strong appreciation, which more than offset realizations and outflows of \$13.5 billion over the last twelve months.
- ▶ GSO further advanced its European platform with the launches of a European CLO and a new global credit fund, raising over \$1 billion of Total AUM during the quarter.
- ▶ Invested \$587 million of total capital with an additional \$308 million committed but not yet invested during the quarter, bringing total capital invested and committed to \$2.2 billion for the last twelve months.

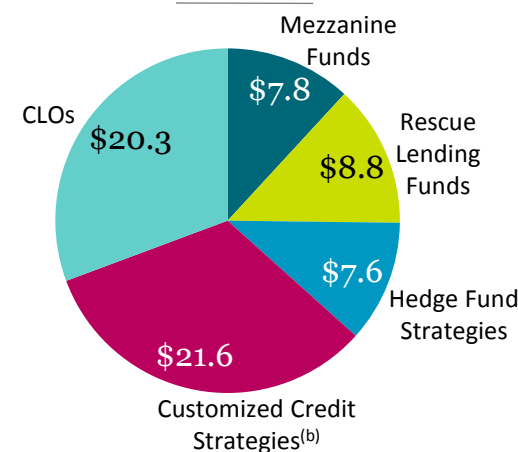
## Investment Performance<sup>(a)</sup>

|                       | Gross Returns |           |
|-----------------------|---------------|-----------|
|                       | 1Q'14         | 1Q'14 LTM |
| Hedge Fund Strategies | 3.9%          | 21.7%     |
| Mezzanine Funds       | 4.3%          | 19.3%     |
| Rescue Lending Funds  | 5.3%          | 30.6%     |

| (Dollars in Thousands)       | 1Q'13            | 1Q'14            | % Change vs. 1Q'13 | 1Q'13 LTM         | 1Q'14 LTM         | % Change vs. 1Q'13 LTM |
|------------------------------|------------------|------------------|--------------------|-------------------|-------------------|------------------------|
| Fee Revenues                 | \$ 100,541       | \$ 110,268       | 10%                | \$ 402,145        | \$ 414,815        | 3%                     |
| Performance Fees             | 124,510          | 96,608           | (22)%              | 409,950           | 429,211           | 5%                     |
| Investment Income            | 4,421            | 6,150            | 39%                | 14,907            | 19,778            | 33%                    |
| <b>Total Revenues</b>        | <b>229,472</b>   | <b>213,026</b>   | <b>(7)%</b>        | <b>827,002</b>    | <b>863,804</b>    | <b>4%</b>              |
| Compensation                 | 45,521           | 50,752           | 11%                | 190,455           | 191,745           | 1%                     |
| Performance Fee Compensation | 64,494           | 48,415           | (25)%              | 211,582           | 222,231           | 5%                     |
| Other Operating Expenses     | 20,962           | 32,839           | 57%                | 88,354            | 108,817           | 23%                    |
| <b>Total Expenses</b>        | <b>130,977</b>   | <b>132,006</b>   | <b>1%</b>          | <b>490,391</b>    | <b>522,793</b>    | <b>7%</b>              |
| <b>Economic Income</b>       | <b>\$ 98,495</b> | <b>\$ 81,020</b> | <b>(18)%</b>       | <b>\$ 336,611</b> | <b>\$ 341,011</b> | <b>1%</b>              |
| Total AUM                    | \$ 58,055,781    | \$ 66,006,417    | 14%                | \$ 58,055,781     | \$ 66,006,417     | 14%                    |
| Fee-Earning AUM              | \$ 46,437,616    | \$ 53,386,685    | 15%                | \$ 46,437,616     | \$ 53,386,685     | 15%                    |

**\$66 billion**

1Q'14 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 2.9% for 1Q'14 and 16.3% for 1Q'14 LTM, Mezzanine Funds net returns were 3.2% for 1Q'14 and 12.5% for 1Q'14 LTM and Rescue Lending Funds net returns were 3.9% for 1Q'14 and 23.5% for 1Q'14 LTM.

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

## Financial Advisory

- ▶ Total Revenues up 7% in the quarter, due primarily to greater deal activity in Blackstone Advisory Partners.
- ▶ Blackstone Advisory Partners' revenue more than doubled compared to the first quarter of 2013 as several large deals closed during the first quarter of 2014, including Advanced Auto Parts and WMI Holdings.
- ▶ Blackstone Capital Markets had a good start to the year, reflecting increased participation in debt transactions.
- ▶ Restructuring revenue decreased in the quarter compared to the prior year quarter due to fewer deal closings, although the pipeline remains steady across a diverse group of industries.
- ▶ Park Hill's revenue declined due to fewer fund closings; however, the pipeline remains strong and a meaningful backlog of assignments exists at the close of the quarter.

| (Dollars in Thousands)        | 1Q'13              | 1Q'14             | % Change<br>vs. 1Q'13 | 1Q'13 LTM        | 1Q'14 LTM        | % Change<br>vs. 1Q'13 LTM |
|-------------------------------|--------------------|-------------------|-----------------------|------------------|------------------|---------------------------|
| Fee Revenues                  | \$ 68,578          | \$ 72,352         | 6%                    | \$ 355,008       | \$ 424,863       | 20%                       |
| Investment Income (Loss)      | (125)              | 828               | n/m                   | 2,081            | 67               | (97)%                     |
| <b>Total Revenues</b>         | <b>68,453</b>      | <b>73,180</b>     | <b>7%</b>             | <b>357,089</b>   | <b>424,930</b>   | <b>19%</b>                |
| Compensation                  | 57,926             | 61,682            | 6%                    | 225,103          | 266,070          | 18%                       |
| Other Operating Expenses      | 20,693             | 21,342            | 3%                    | 84,596           | 82,854           | (2)%                      |
| <b>Total Expenses</b>         | <b>78,619</b>      | <b>83,024</b>     | <b>6%</b>             | <b>309,699</b>   | <b>348,924</b>   | <b>13%</b>                |
| <b>Economic Income (Loss)</b> | <b>\$ (10,166)</b> | <b>\$ (9,844)</b> | <b>3%</b>             | <b>\$ 47,390</b> | <b>\$ 76,006</b> | <b>60%</b>                |

# Fee-Earning Assets Under Management

## 1Q'14 Fee-Earning AUM Rollforward

(Dollars in Millions)

|                                | Private Equity   | Real Estate      | Hedge Fund Solutions | Credit           | Total             |
|--------------------------------|------------------|------------------|----------------------|------------------|-------------------|
| 4Q'13                          | \$ 42,601        | \$ 50,793        | \$ 52,866            | \$ 51,723        | \$ 197,982        |
| Inflows <sup>(a)</sup>         | 383              | 3,307            | 2,368                | 3,830            | 9,887             |
| Outflows <sup>(b)</sup>        | (342)            | (91)             | (608)                | (871)            | (1,912)           |
| Realizations <sup>(c)</sup>    | (1,579)          | (573)            | (188)                | (1,648)          | (3,988)           |
| Net Inflows (Outflows)         | (1,539)          | 2,643            | 1,572                | 1,311            | 3,987             |
| Market Activity <sup>(d)</sup> | 89               | 55               | 1,133                | 353              | 1,630             |
| <b>1Q'14</b>                   | <b>\$ 41,151</b> | <b>\$ 53,491</b> | <b>\$ 55,571</b>     | <b>\$ 53,387</b> | <b>\$ 203,600</b> |
| QoQ Increase (Decrease)        | (3)%             | 5%               | 5%                   | 3%               | 3%                |

## LTM 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>         | 9,797            | 16,390           | 10,257               | 15,310           | 51,753            |
| Outflows <sup>(b)</sup>        | (735)            | (1,413)          | (3,958)              | (2,470)          | (8,576)           |
| Realizations <sup>(c)</sup>    | (4,884)          | (3,814)          | (488)                | (8,004)          | (17,190)          |
| Net Inflows                    | 4,177            | 11,163           | 5,811                | 4,836            | 25,987            |
| Market Activity <sup>(d)</sup> | 188              | 187              | 4,175                | 2,113            | 6,663             |
| <b>1Q'14</b>                   | <b>\$ 41,151</b> | <b>\$ 53,491</b> | <b>\$ 55,571</b>     | <b>\$ 53,387</b> | <b>\$ 203,600</b> |
| YoY Increase                   | 12%              | 27%              | 22%                  | 15%              | 19%               |

### Private Equity

- ▶ **Inflows:** Tactical Opportunities additional fee generating assets.
- ▶ **Realizations:** primarily BCP V, including three public market dispositions and three strategic sales.

### Real Estate

- ▶ **Inflows:** BREP Europe IV \$1.3 billion; first Asian fund \$245 million; BREDS capital raised and/or invested \$916 million.
- ▶ **Realizations:** primarily sales of office assets in BREP.

### Hedge Fund Solutions

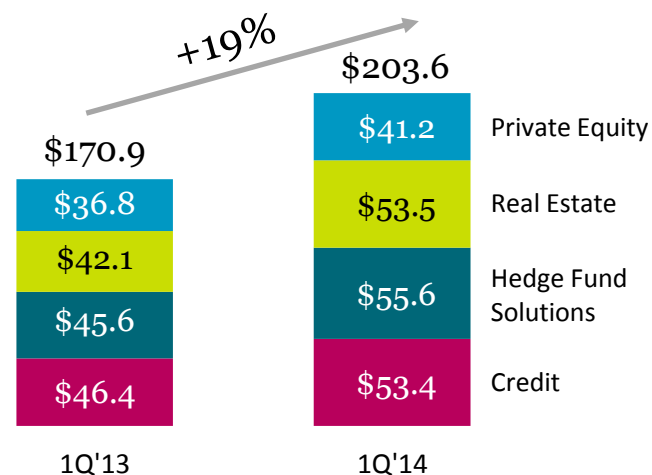
- ▶ **Net Inflows:** \$1.6 billion in net inflows of which 53% was from specialized, customized or individual investor solutions.

### Credit

- ▶ **Inflows:** launch of new European CLO \$812 million; capital raised for BDCs \$860 million and Hedge Fund Strategies \$1.1 billion.
- ▶ **Realizations / Outflows:** \$1.1 billion returned to CLO investors; \$559 million returned across Mezzanine and Rescue Lending funds.

## Fee-Earning AUM by Segment

(Dollars in Billions)



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

## 1Q'14 Total AUM Rollforward

(Dollars in Millions)

|                                | Private Equity   | Real Estate      | Hedge Fund Solutions | Credit           | Total             |
|--------------------------------|------------------|------------------|----------------------|------------------|-------------------|
| 4Q'13                          | \$ 65,675        | \$ 79,411        | \$ 55,657            | \$ 65,014        | \$ 265,758        |
| Inflows <sup>(a)</sup>         | 2,106            | 2,407            | 2,287                | 3,396            | 10,195            |
| Outflows <sup>(b)</sup>        | (168)            | (580)            | (612)                | (902)            | (2,262)           |
| Realizations <sup>(c)</sup>    | (4,682)          | (2,046)          | (276)                | (2,272)          | (9,276)           |
| Net Inflows (Outflows)         | (2,744)          | (219)            | 1,399                | 222              | (1,342)           |
| Market Activity <sup>(d)</sup> | 3,212            | 2,142            | 1,206                | 770              | 7,330             |
| <b>1Q'14</b>                   | <b>\$ 66,143</b> | <b>\$ 81,334</b> | <b>\$ 58,263</b>     | <b>\$ 66,006</b> | <b>\$ 271,746</b> |
| QoQ Increase                   | 1%               | 2%               | 5%                   | 2%               | 2%                |

## LTM 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>         | 15,543           | 18,576           | 10,409               | 17,473           | 62,002            |
| Outflows <sup>(b)</sup>        | (436)            | (1,574)          | (4,108)              | (3,102)          | (9,219)           |
| Realizations <sup>(c)</sup>    | (12,305)         | (9,322)          | (661)                | (10,419)         | (32,708)          |
| Net Inflows                    | 2,802            | 7,680            | 5,640                | 3,953            | 20,076            |
| Market Activity <sup>(d)</sup> | 10,849           | 14,178           | 4,435                | 3,998            | 33,459            |
| <b>1Q'14</b>                   | <b>\$ 66,143</b> | <b>\$ 81,334</b> | <b>\$ 58,263</b>     | <b>\$ 66,006</b> | <b>\$ 271,746</b> |
| YoY Increase                   | 26%              | 37%              | 21%                  | 14%              | 25%               |

### Private Equity

- ▶ **Inflows:** Strategic Partners capital raised \$854 million; Tactical Opportunities capital raised \$510 million.
- ▶ **Market Activity:** strong fund performance, with 7.0% overall increase in carrying value, including 12.5% in BCP VI and 5.6% in BCP V.

### Real Estate

- ▶ **Market Activity:** carrying value increase of 3.8% driven by improving fundamentals in the private portfolio (4.4%, \$1.5 billion) and public portfolio appreciation (2.9%, \$580 million).

### Hedge Fund Solutions

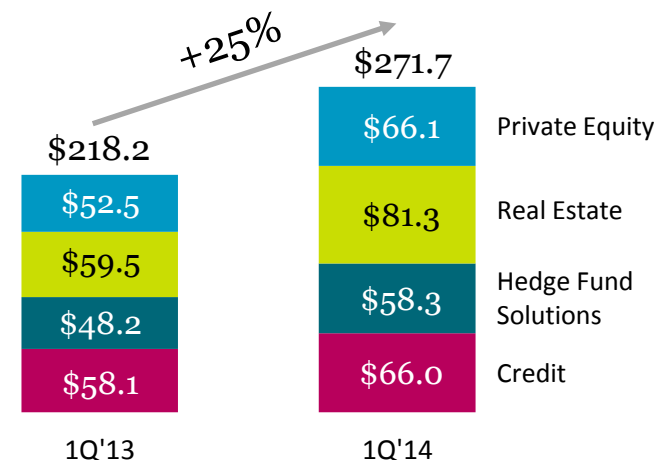
- ▶ **Inflows:** second close of general partner interests vehicle (\$1.4 billion in total commitments).
- ▶ **Market Activity:** BAAM's Principal Solutions Composite up 1.8% gross.

### Credit

- ▶ **Market Activity:** \$433 million appreciation in Hedge Fund Strategies and BDCs; \$333 million appreciation in carry funds.

## Total AUM by Segment

(Dollars in Billions)



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.

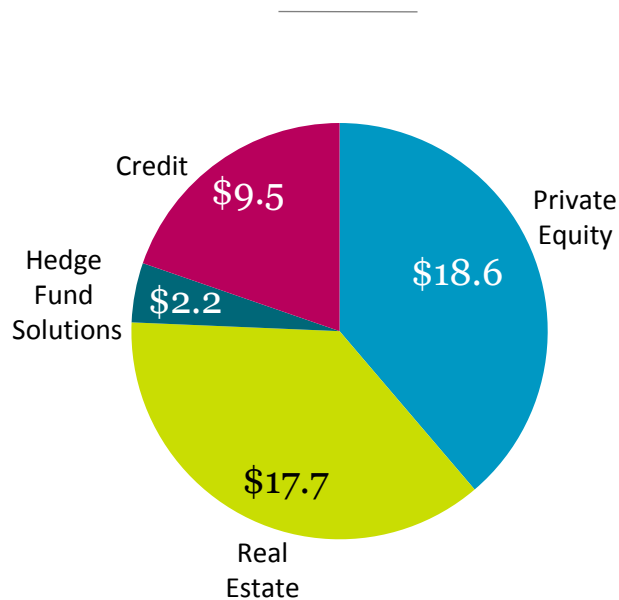
(c) Realizations: represent realizations from the disposition of assets and the effect of changes in the definition of Total Assets Under Management.

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

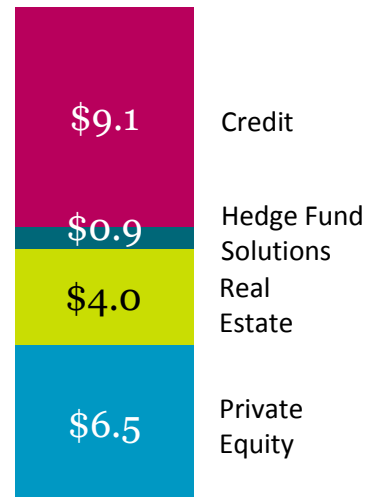
# 1Q'14 Available Capital Summary

- ▶ Committed undrawn capital (“Total Dry Powder”) reached a record \$48.0 billion, up 34% from \$35.8 billion a year ago, despite record levels of investment activity.
- ▶ Total AUM not currently earning Management Fees of \$20.5 billion at quarter 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 \$185.8 billion at the end of the quarter, including \$116.0 billion currently earning Performance Fees, up substantially from the prior year period.

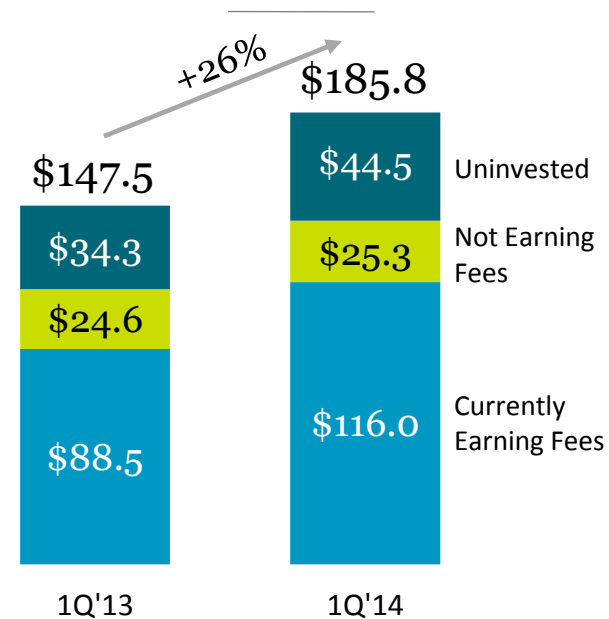
## \$48 billion Total Dry Powder<sup>(b)</sup>



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



## \$186 billion Performance Fee Eligible AUM<sup>(a)</sup>



Totals may not add due 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 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.

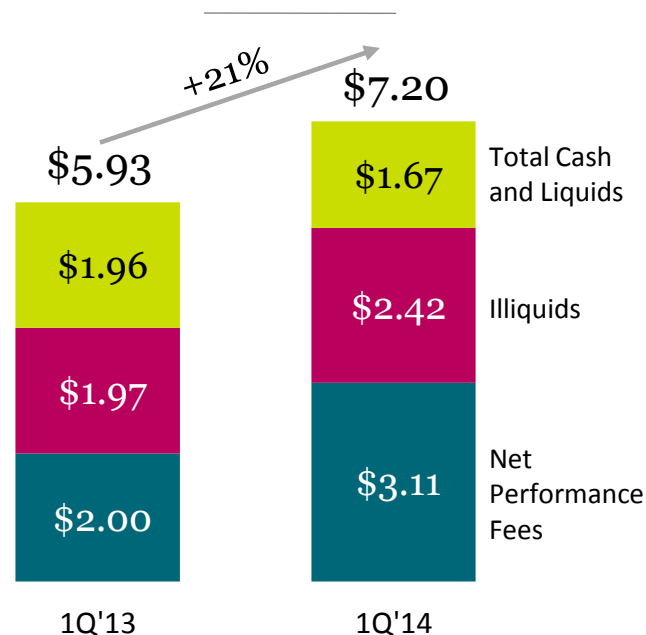
(c) Represents the committed uninvested capital portion of Total AUM not currently earning Base Management Fees of the Private Equity, Real Estate and Real Estate debt strategies drawdown funds, and the Credit Mezzanine and Rescue Lending funds, the Hedge Fund Solutions Strategic Alliance Fund and other separately managed accounts. The amount depends on the specific terms of each fund.

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

- ▶ At March 31, 2014, Blackstone had \$1.9 billion in total cash, corporate treasury and liquid investments and \$8.2 billion of total net value, or \$7.20 per DE unit, up 21% from \$5.93 a year ago.
- ▶ Net Performance Fees were \$3.5 billion at the end of the first quarter, up 57% from the same period last year, reflecting the consistent high returns on a diverse set of funds.
- ▶ Long-term debt of \$1.6 billion at the end of the first quarter from the 2009, 2010 and 2012 bond issuances, resulting in a Debt to Adjusted EBITDA ratio of 0.72x for the last twelve months.
  - On April 7, 2014, Blackstone issued senior notes of \$500 million (5.00%) maturing on June 15, 2044.
- ▶ There are currently no borrowings outstanding against the \$1.1 billion revolving credit facility expiring in 2017.

| (Dollars in Millions)                     | 1Q'13           | 1Q'14           |
|---|-----------------|-----------------|
| Cash and Cash Equivalents                 | \$ 815          | \$ 788          |
| Treasury Cash Management Strategies       | 1,255           | 965             |
| Liquid Investments <sup>(b)</sup>         | 142             | 147             |
| Illiquid Investments <sup>(c)</sup>       | 2,220           | 2,761           |
| Net Performance Fees                      | 2,261           | 3,546           |
| <b>Total Net Value</b>                    | <b>\$ 6,693</b> | <b>\$ 8,207</b> |
| Outstanding Bonds (at par) <sup>(d)</sup> | \$ 1,635        | \$ 1,635        |

## Cash and Investments<sup>(e)</sup>



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

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

**\$1.9 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 Private Equity, Real Estate and Other, which were \$966 million, \$1.4 billion and \$389 million, respectively, as of March 31, 2014 and \$907 million, \$1.1 billion and \$201 million, respectively, as of March 31, 2013.

(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.  
 (e) Cash and Investments per DE unit.



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

- ▶ Generated \$0.41 of Distributable Earnings per common unit during the first quarter, up 21% year-over-year.
- ▶ Declared a quarterly distribution of \$0.35 per common unit to record holders as of April 28, 2014; payable on May 5, 2014.

| (Dollars in Thousands, Except per Unit Data)                       | 1Q'13          | 2Q'13          | 3Q'13          | 4Q'13          | 1Q'14          | % Change<br>vs. 1Q'13 |
|--|----------------|----------------|----------------|----------------|----------------|-----------------------|
| Distributable Earnings ("DE")                                      | \$ 390,912     | \$ 338,485     | \$ 312,673     | \$ 820,629     | \$ 485,112     | 24%                   |
| Add: Other Payables Attributable to Common Unitholders             | 2,204          | 28,498         | 17,694         | 58,103         | 19,856         | 801%                  |
| DE before Certain Payables <sup>(b)</sup>                          | 393,116        | 366,983        | 330,367        | 878,732        | 504,968        | 28%                   |
| Percent to Common Unitholders                                      | 51%            | 51%            | 52%            | 52%            | 53%            |                       |
| DE before Certain Payables Attributable to Common Unitholders      | 199,812        | 187,652        | 170,216        | 455,291        | 265,378        | 33%                   |
| Less: Other Payables Attributable to Common Unitholders            | (2,204)        | (28,498)       | (17,694)       | (58,103)       | (19,856)       | (801)%                |
| DE Attributable to Common Unitholders                              | 197,608        | 159,154        | 152,522        | 397,188        | 245,522        | 24%                   |
| <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>\$ 0.41</b> | <b>21%</b>            |
| Less: Retained Capital per Unit <sup>(d)</sup>                     | \$ (0.04)      | \$ (0.05)      | \$ (0.03)      | \$ (0.10)      | \$ (0.06)      | (50)%                 |
| Net Cash Available for Distribution per Common Unit <sup>(c)</sup> | \$ 0.30        | \$ 0.23        | \$ 0.23        | \$ 0.58        | \$ 0.35        | 17%                   |
| Actual Distribution per Common Unit <sup>(c)</sup>                 | \$ 0.30        | \$ 0.23        | \$ 0.23        | \$ 0.58        | \$ 0.35        | 17%                   |
| Record Date  |                |                |                |                | Apr 28, 2014   |                       |
| Payable Date   |                |                |                |                | May 5, 2014    |                       |

(a) A detailed description of Blackstone's distribution policy and the definition of Distributable Earnings can be found on page 31, 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 (page 30, 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 \$38.3 million for 1Q'14.

# GAAP Statement of Operations

|   | 1Q'13             | 1Q'14             | % Change     |  | 1Q'13 LTM           | 1Q'14 LTM           | % Change      |  |
|---|-------------------|-------------------|--------------|--|---------------------|---------------------|---------------|--|
|   |                   |                   | vs. 1Q'13    |  |                     |                     | vs. 1Q'13 LTM |  |
| (Dollars in Thousands, Except per Unit Data) (Unaudited)  |                   |                   |              |  |                     |                     |               |  |
| <b>Revenues</b>   |                   |                   |              |  |                     |                     |               |  |
| Management and Advisory Fees, Net   | \$ 482,133        | \$ 573,160        | 19%          |  | \$ 2,041,150        | \$ 2,285,012        | 12%           |  |
| Performance Fees  |                   |                   |              |  |                     |                     |               |  |
| Realized Carried Interest   | 294,170           | 333,623           | 13%          |  | 608,032             | 983,411             | 62%           |  |
| Realized Incentive Fees   | 23,741            | 43,794            | 84%          |  | 320,263             | 484,891             | 51%           |  |
| Unrealized Carried Interest   | 177,347           | 330,394           | 86%          |  | 872,741             | 2,311,057           | 165%          |  |
| Unrealized Incentive Fees   | 105,798           | 64,233            | (39)%        |  | 8,302               | (64,314)            | n/m           |  |
| Total Performance Fees  | 601,056           | 772,044           | 28%          |  | 1,809,338           | 3,715,045           | 105%          |  |
| Investment Income   |                   |                   |              |  |                     |                     |               |  |
| Realized  | 42,353            | 153,026           | 261%         |  | 119,981             | 299,317             | 149%          |  |
| Unrealized  | 106,230           | 13,500            | (87)%        |  | 289,635             | 518,934             | 79%           |  |
| Total Investment Income   | 148,583           | 166,526           | 12%          |  | 409,616             | 818,251             | 100%          |  |
| Interest and Dividend Revenue   | 12,557            | 14,069            | 12%          |  | 45,275              | 66,023              | 46%           |  |
| Other   | 2,144             | 869               | (59)%        |  | 8,499               | 9,032               | 6%            |  |
| <b>Total Revenues</b>   | <b>1,246,473</b>  | <b>1,526,668</b>  | <b>22%</b>   |  | <b>4,313,878</b>    | <b>6,893,363</b>    | <b>60%</b>    |  |
| <b>Expenses</b>   |                   |                   |              |  |                     |                     |               |  |
| Compensation and Benefits   |                   |                   |              |  |                     |                     |               |  |
| Compensation  | 451,430           | 485,351           | 8%           |  | 2,047,873           | 1,878,406           | (8)%          |  |
| Performance Fee Compensation  |                   |                   |              |  |                     |                     |               |  |
| Realized Carried Interest   | 89,437            | 149,398           | 67%          |  | 177,932             | 317,162             | 78%           |  |
| Realized Incentive Fees   | 10,508            | 23,635            | 125%         |  | 146,298             | 214,042             | 46%           |  |
| Unrealized Carried Interest   | 95,472            | 40,730            | (57)%        |  | 332,528             | 911,975             | 174%          |  |
| Unrealized Incentive Fees   | 44,478            | 23,531            | (47)%        |  | (12,829)            | (32,598)            | (154)%        |  |
| Total Compensation and Benefits   | 691,325           | 722,645           | 5%           |  | 2,691,802           | 3,288,987           | 22%           |  |
| General, Administrative and Other   | 109,306           | 135,554           | 24%          |  | 515,278             | 500,690             | (3)%          |  |
| Interest Expense  | 27,062            | 24,667            | (9)%         |  | 85,414              | 105,578             | 24%           |  |
| Fund Expenses   | 7,408             | 4,985             | (33)%        |  | 19,495              | 24,235              | 24%           |  |
| <b>Total Expenses</b>   | <b>835,101</b>    | <b>887,851</b>    | <b>6%</b>    |  | <b>3,311,989</b>    | <b>3,919,490</b>    | <b>18%</b>    |  |
| <b>Other Income</b>   |                   |                   |              |  |                     |                     |               |  |
| Reversal of Tax Receivable Agreement Liability  | -                 | -                 | n/m          |  | -                   | 20,469              | n/m           |  |
| Net Gains from Fund Investment Activities   | 67,210            | 70,155            | 4%           |  | 35,213              | 384,609             | 992%          |  |
| <b>Income Before Provision for Taxes</b>  | <b>\$ 478,582</b> | <b>\$ 708,972</b> | <b>48%</b>   |  | <b>\$ 1,037,102</b> | <b>\$ 3,378,951</b> | <b>226%</b>   |  |
| Provision for Taxes   | 50,993            | 54,097            | 6%           |  | 197,263             | 258,746             | 31%           |  |
| <b>Net Income</b>   | <b>\$ 427,589</b> | <b>\$ 654,875</b> | <b>53%</b>   |  | <b>\$ 839,839</b>   | <b>\$ 3,120,205</b> | <b>272%</b>   |  |
| <b>Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities</b> | <b>62,316</b>     | <b>45,792</b>     | <b>(27)%</b> |  | <b>111,655</b>      | <b>166,791</b>      | <b>49%</b>    |  |
| <b>Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities</b>     | <b>(9,452)</b>    | <b>43,961</b>     | <b>n/m</b>   |  | <b>(107,136)</b>    | <b>251,970</b>      | <b>n/m</b>    |  |
| <b>Net Income Attributable to Non-Controlling Interests in Blackstone Holdings</b>              | <b>207,090</b>    | <b>299,505</b>    | <b>45%</b>   |  | <b>507,412</b>      | <b>1,432,260</b>    | <b>182%</b>   |  |
| <b>Net Income Attributable to The Blackstone Group L.P. ("BX")</b>                              | <b>\$ 167,635</b> | <b>\$ 265,617</b> | <b>58%</b>   |  | <b>\$ 327,908</b>   | <b>\$ 1,269,184</b> | <b>287%</b>   |  |
| <b>Net Income per Common Unit, Basic and Diluted</b>  | <b>\$ 0.29</b>    | <b>\$ 0.44</b>    | <b>52%</b>   |  | <b>n/a</b>          | <b>n/a</b>          | <b>n/a</b>    |  |

## Additional Disclosures

---

- ▶ How did BCP V impact earnings in the first quarter?
  - BCP V in total (“main fund” and BCP V-AC) appreciated 5.6% during the quarter and accrued \$49 million of Performance Fees.
  - Currently, the BCP V “main fund” needs a 3% increase in Total Enterprise Value (“TEV”), or \$916 million, to begin the “catch-up” phase of the 80%/20% accrual of carry.
  - BCP V-AC remains above hurdle and continues to accrue Performance Fees.
  
- ▶ Were there significant events that impacted Fee Revenues during the first quarter?
  - Pursuant to its limited partnership agreement, on February 9, 2014, BREP V’s partnership term expired and is no longer earning Base Management Fees.
  - BREP V has \$3.4 billion of Fee-Earning AUM and the expiration of its term resulted in an \$8 million decline in Base Management Fees from the prior quarter.
  - Since BREP V is eligible for Performance Fees, it is included in Fee-Earning AUM. Currently, BREP V has \$623 million of net accrued Performance Fees and a 1.9x MOIC/10% Net IRR.
  
- ▶ Were there any one-time Operating Expenses in the first quarter?
  - During the quarter, the Credit segment recorded a non-recurring Placement Fee expense of \$11 million. Excluding the impact of this one-time expense, Total Segment Operating Expenses are up 13% year-over-year.

# Appendix

# Total Segments

| (Dollars in Thousands)                         | 1Q'13             | 2Q'13             | 3Q'13             | 4Q'13               | 1Q'14             | 1Q'13 LTM           | 1Q'14 LTM           |
|--|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|
| <b>Revenues</b>                                |                   |                   |                   |                     |                   |                     |                     |
| Management and Advisory Fees, Net              |                   |                   |                   |                     |                   |                     |                     |
| Base Management Fees                           | \$ 408,747        | \$ 425,674        | \$ 437,294        | \$ 469,092          | \$ 476,878        | \$ 1,604,644        | \$ 1,808,938        |
| Advisory Fees                                  | 67,020            | 120,734           | 83,602            | 139,158             | 69,963            | 348,591             | 413,457             |
| Transaction and Other Fees, Net <sup>(a)</sup> | 37,974            | 66,464            | 42,806            | 59,733              | 59,910            | 226,622             | 228,913             |
| Management Fee Offsets <sup>(b)</sup>          | (9,662)           | (10,535)          | (8,271)           | (43,752)            | (16,644)          | (37,565)            | (79,202)            |
| Total Management and Advisory Fees, Net        | 504,079           | 602,337           | 555,431           | 624,231             | 590,107           | 2,142,292           | 2,372,106           |
| Performance Fees                               |                   |                   |                   |                     |                   |                     |                     |
| Realized Carried Interest                      | 294,170           | 183,288           | 182,654           | 283,846             | 333,623           | 608,032             | 983,411             |
| Realized Incentive Fees                        | 24,727            | 74,867            | 31,238            | 343,501             | 53,837            | 320,912             | 503,443             |
| Unrealized Carried Interest                    | 177,347           | 456,706           | 290,052           | 1,233,905           | 330,288           | 872,741             | 2,310,951           |
| Unrealized Incentive Fees                      | 107,755           | 4,358             | 40,992            | (173,033)           | 61,266            | 10,323              | (66,417)            |
| Total Performance Fees                         | 603,999           | 719,219           | 544,936           | 1,688,219           | 779,014           | 1,812,008           | 3,731,388           |
| Investment Income                              |                   |                   |                   |                     |                   |                     |                     |
| Realized                                       | 38,110            | 54,586            | 11,492            | 66,283              | 111,917           | 110,016             | 244,278             |
| Unrealized                                     | 96,661            | 42,533            | 87,680            | 290,460             | 4,550             | 227,593             | 425,223             |
| Total Investment Income                        | 134,771           | 97,119            | 99,172            | 356,743             | 116,467           | 337,609             | 669,501             |
| Interest Income and Dividend Revenue           | 14,661            | 15,342            | 21,539            | 19,394              | 22,362            | 51,946              | 78,637              |
| Other  | 2,143             | (1,164)           | 4,708             | 4,621               | 869               | 8,499               | 9,034               |
| <b>Total Revenues</b>                          | <b>1,259,653</b>  | <b>1,432,853</b>  | <b>1,225,786</b>  | <b>2,693,208</b>    | <b>1,508,819</b>  | <b>4,352,354</b>    | <b>6,860,666</b>    |
| <b>Expenses</b>                                |                   |                   |                   |                     |                   |                     |                     |
| Compensation                                   | 266,977           | 306,477           | 279,498           | 262,688             | 306,545           | 1,042,981           | 1,155,208           |
| Performance Fee Compensation                   |                   |                   |                   |                     |                   |                     |                     |
| Realized Carried Interest                      | 89,437            | 75,910            | 60,369            | 31,485              | 149,398           | 177,932             | 317,162             |
| Realized Incentive Fees                        | 10,508            | 35,014            | 14,599            | 140,794             | 23,635            | 146,298             | 214,042             |
| Unrealized Carried Interest                    | 95,472            | 172,824           | 82,341            | 616,080             | 40,690            | 332,528             | 911,935             |
| Unrealized Incentive Fees                      | 44,478            | 3,084             | 11,084            | (70,297)            | 23,531            | (12,829)            | (32,598)            |
| Total Compensation and Benefits                | 506,872           | 593,309           | 447,891           | 980,750             | 543,799           | 1,686,910           | 2,565,749           |
| Other Operating Expenses                       | 114,444           | 120,152           | 122,872           | 129,171             | 139,774           | 486,368             | 511,969             |
| <b>Total Expenses</b>                          | <b>621,316</b>    | <b>713,461</b>    | <b>570,763</b>    | <b>1,109,921</b>    | <b>683,573</b>    | <b>2,173,278</b>    | <b>3,077,718</b>    |
| <b>Economic Income</b>                         | <b>\$ 638,337</b> | <b>\$ 719,392</b> | <b>\$ 655,023</b> | <b>\$ 1,583,287</b> | <b>\$ 825,246</b> | <b>\$ 2,179,076</b> | <b>\$ 3,782,948</b> |
| <b>Economic Net Income</b>                     | <b>\$ 628,306</b> | <b>\$ 703,240</b> | <b>\$ 640,231</b> | <b>\$ 1,542,098</b> | <b>\$ 813,934</b> | <b>\$ 2,132,388</b> | <b>\$ 3,699,503</b> |
| <b>Fee Related Earnings</b>                    | <b>\$ 137,733</b> | <b>\$ 168,434</b> | <b>\$ 178,596</b> | <b>\$ 260,706</b>   | <b>\$ 174,829</b> | <b>\$ 691,118</b>   | <b>\$ 782,565</b>   |
| <b>Distributable Earnings</b>                  | <b>\$ 390,912</b> | <b>\$ 338,485</b> | <b>\$ 312,673</b> | <b>\$ 820,629</b>   | <b>\$ 485,112</b> | <b>\$ 1,344,910</b> | <b>\$ 1,956,899</b> |
| Total Assets Under Management                  | \$ 218,210,672    | \$ 229,571,741    | \$ 248,064,888    | \$ 265,757,630      | \$ 271,745,583    | \$ 218,210,672      | \$ 271,745,583      |
| Fee-Earning Assets Under Management            | \$ 170,949,347    | \$ 176,338,947    | \$ 188,649,817    | \$ 197,981,739      | \$ 203,599,604    | \$ 170,949,347      | \$ 203,599,604      |
| Weighted Average Fee-Earning AUM               | \$ 169,551,186    | \$ 173,706,678    | \$ 185,628,676    | \$ 196,309,547      | \$ 200,246,002    | \$ 164,747,339      | \$ 188,952,701      |
| LP Capital Invested                            | \$ 1,784,463      | \$ 3,634,404      | \$ 3,378,067      | \$ 5,382,770        | \$ 4,468,527      | \$ 12,964,001       | \$ 16,863,768       |
| Total Capital Invested                         | \$ 1,840,474      | \$ 3,757,591      | \$ 3,536,365      | \$ 6,115,856        | \$ 4,807,663      | \$ 14,320,938       | \$ 18,217,475       |

(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)                         | 1Q'13             | 2Q'13             | 3Q'13            | 4Q'13             | 1Q'14             | 1Q'13 LTM         | 1Q'14 LTM         |
|--|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Revenues</b>                                |                   |                   |                  |                   |                   |                   |                   |
| <b>Management Fees, Net</b>                    |                   |                   |                  |                   |                   |                   |                   |
| Base Management Fees                           | \$ 86,246         | \$ 86,621         | \$ 95,281        | \$ 99,998         | \$ 98,584         | \$ 349,051        | \$ 380,484        |
| Transaction and Other Fees, Net <sup>(a)</sup> | 24,453            | 38,348            | 16,052           | 18,135            | 42,847            | 106,436           | 115,382           |
| Management Fee Offsets <sup>(b)</sup>          | (480)             | (1,950)           | (2,080)          | (1,173)           | (1,713)           | (2,624)           | (6,916)           |
| <b>Total Management Fees, Net</b>              | <b>110,219</b>    | <b>123,019</b>    | <b>109,253</b>   | <b>116,960</b>    | <b>139,718</b>    | <b>452,863</b>    | <b>488,950</b>    |
| <b>Performance Fees</b>                        |                   |                   |                  |                   |                   |                   |                   |
| Realized Carried Interest                      | 139,892           | 3,899             | 85,121           | 101,081           | 119,805           | 245,756           | 309,906           |
| Unrealized Carried Interest                    | (83,954)          | 182,926           | (86,300)         | 385,560           | 167,065           | 30,376            | 649,251           |
| <b>Total Performance Fees</b>                  | <b>55,938</b>     | <b>186,825</b>    | <b>(1,179)</b>   | <b>486,641</b>    | <b>286,870</b>    | <b>276,132</b>    | <b>959,157</b>    |
| <b>Investment Income (Loss)</b>                |                   |                   |                  |                   |                   |                   |                   |
| Realized                                       | 24,162            | 21,586            | 11,495           | 30,783            | 60,535            | 36,074            | 124,399           |
| Unrealized                                     | 31,711            | 21,088            | 23,621           | 85,329            | (9,033)           | 100,579           | 121,005           |
| <b>Total Investment Income</b>                 | <b>55,873</b>     | <b>42,674</b>     | <b>35,116</b>    | <b>116,112</b>    | <b>51,502</b>     | <b>136,653</b>    | <b>245,404</b>    |
| Interest Income and Dividend Revenue           | 2,984             | 3,251             | 5,231            | 4,136             | 5,228             | 14,120            | 17,846            |
| Other  | 424               | 366               | 1,521            | 1,948             | 864               | 3,056             | 4,699             |
| <b>Total Revenues</b>                          | <b>225,438</b>    | <b>356,135</b>    | <b>149,942</b>   | <b>725,797</b>    | <b>484,182</b>    | <b>882,824</b>    | <b>1,716,056</b>  |
| <b>Expenses</b>                                |                   |                   |                  |                   |                   |                   |                   |
| Compensation                                   | 60,203            | 63,747            | 55,800           | 56,370            | 73,307            | 230,365           | 249,224           |
| <b>Performance Fee Compensation</b>            |                   |                   |                  |                   |                   |                   |                   |
| Realized Carried Interest                      | 16,246            | 877               | 19,824           | 2,006             | 85,771            | 19,605            | 108,478           |
| Unrealized Carried Interest                    | 16,619            | 88,111            | (36,198)         | 274,201           | (27,148)          | 76,226            | 298,966           |
| <b>Total Compensation and Benefits</b>         | <b>93,068</b>     | <b>152,735</b>    | <b>39,426</b>    | <b>332,577</b>    | <b>131,930</b>    | <b>326,196</b>    | <b>656,668</b>    |
| Other Operating Expenses                       | 29,168            | 32,178            | 30,024           | 32,767            | 33,006            | 131,132           | 127,975           |
| <b>Total Expenses</b>                          | <b>122,236</b>    | <b>184,913</b>    | <b>69,450</b>    | <b>365,344</b>    | <b>164,936</b>    | <b>457,328</b>    | <b>784,643</b>    |
| <b>Economic Income</b>                         | <b>\$ 103,202</b> | <b>\$ 171,222</b> | <b>\$ 80,492</b> | <b>\$ 360,453</b> | <b>\$ 319,246</b> | <b>\$ 425,496</b> | <b>\$ 931,413</b> |
| Total Assets Under Management                  | \$ 52,491,811     | \$ 53,287,294     | \$ 62,619,813    | \$ 65,675,031     | \$ 66,142,945     | \$ 52,491,811     | \$ 66,142,945     |
| Fee-Earning Assets Under Management            | \$ 36,785,770     | \$ 36,635,224     | \$ 43,645,106    | \$ 42,600,515     | \$ 41,150,728     | \$ 36,785,770     | \$ 41,150,728     |
| Weighted Average Fee-Earning AUM               | \$ 36,907,936     | \$ 36,675,636     | \$ 43,886,763    | \$ 43,290,792     | \$ 41,815,672     | \$ 38,028,891     | \$ 44,164,744     |
| LP Capital Invested                            | \$ 276,987        | \$ 749,290        | \$ 524,320       | \$ 1,017,985      | \$ 2,029,019      | \$ 2,857,478      | \$ 4,320,614      |
| Total Capital Invested                         | \$ 291,011        | \$ 780,339        | \$ 548,173       | \$ 1,330,606      | \$ 2,271,273      | \$ 3,688,597      | \$ 4,930,391      |

(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)                         | 1Q'13             | 2Q'13             | 3Q'13             | 4Q'13             | 1Q'14             | 1Q'13 LTM           | 1Q'14 LTM           |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Revenues</b>                                |                   |                   |                   |                   |                   |                     |                     |
| <b>Management Fees, Net</b>                    |                   |                   |                   |                   |                   |                     |                     |
| Base Management Fees                           | \$ 138,346        | \$ 137,000        | \$ 136,721        | \$ 153,115        | \$ 159,336        | \$ 541,866          | \$ 586,172          |
| Transaction and Other Fees, Net <sup>(a)</sup> | 9,140             | 19,013            | 19,205            | 32,317            | 13,564            | 80,409              | 84,099              |
| Management Fee Offsets <sup>(b)</sup>          | (7,286)           | (6,312)           | (2,385)           | (6,838)           | (9,224)           | (27,268)            | (24,759)            |
| <b>Total Management Fees, Net</b>              | <b>140,200</b>    | <b>149,701</b>    | <b>153,541</b>    | <b>178,594</b>    | <b>163,676</b>    | <b>595,007</b>      | <b>645,512</b>      |
| <b>Performance Fees</b>                        |                   |                   |                   |                   |                   |                     |                     |
| Realized Carried Interest                      | 68,773            | 143,481           | 93,878            | 180,641           | 194,658           | 225,270             | 612,658             |
| Realized Incentive Fees                        | 3,092             | 31,102            | 3,737             | 7,931             | (26)              | 28,749              | 42,744              |
| Unrealized Carried Interest                    | 280,076           | 259,972           | 340,406           | 771,246           | 140,237           | 742,340             | 1,511,861           |
| Unrealized Incentive Fees                      | 2,400             | (32,279)          | 2,481             | (1,355)           | 2,737             | (5,633)             | (28,416)            |
| <b>Total Performance Fees</b>                  | <b>354,341</b>    | <b>402,276</b>    | <b>440,502</b>    | <b>958,463</b>    | <b>337,606</b>    | <b>990,726</b>      | <b>2,138,847</b>    |
| <b>Investment Income</b>                       |                   |                   |                   |                   |                   |                     |                     |
| Realized                                       | 9,534             | 18,577            | 928               | 23,320            | 31,357            | 47,024              | 74,182              |
| Unrealized                                     | 60,303            | 30,636            | 57,656            | 201,606           | 5,379             | 125,266             | 295,277             |
| <b>Total Investment Income</b>                 | <b>69,837</b>     | <b>49,213</b>     | <b>58,584</b>     | <b>224,926</b>    | <b>36,736</b>     | <b>172,290</b>      | <b>369,459</b>      |
| Interest Income and Dividend Revenue           | 4,298             | 4,396             | 6,060             | 6,809             | 6,110             | 16,194              | 23,375              |
| Other  | (133)             | (274)             | 2,113             | 1,678             | 317               | 1,470               | 3,834               |
| <b>Total Revenues</b>                          | <b>568,543</b>    | <b>605,312</b>    | <b>660,800</b>    | <b>1,370,470</b>  | <b>544,445</b>    | <b>1,775,687</b>    | <b>3,181,027</b>    |
| <b>Expenses</b>                                |                   |                   |                   |                   |                   |                     |                     |
| Compensation                                   | 69,459            | 73,792            | 75,346            | 75,625            | 80,233            | 271,692             | 304,996             |
| <b>Performance Fee Compensation</b>            |                   |                   |                   |                   |                   |                     |                     |
| Realized Carried Interest                      | 25,863            | 55,005            | 38,942            | 29,027            | 51,833            | 84,204              | 174,807             |
| Realized Incentive Fees                        | 1,724             | 15,733            | 1,919             | 4,502             | (16)              | 14,782              | 22,138              |
| Unrealized Carried Interest                    | 89,057            | 78,604            | 99,323            | 299,853           | 56,985            | 200,264             | 534,765             |
| Unrealized Incentive Fees                      | 1,034             | (16,329)          | 615               | (335)             | 1,382             | (3,317)             | (14,667)            |
| <b>Total Compensation and Benefits</b>         | <b>187,137</b>    | <b>206,805</b>    | <b>216,145</b>    | <b>408,672</b>    | <b>190,417</b>    | <b>567,625</b>      | <b>1,022,039</b>    |
| Other Operating Expenses                       | 28,462            | 27,617            | 30,614            | 29,698            | 33,107            | 123,252             | 121,036             |
| <b>Total Expenses</b>                          | <b>215,599</b>    | <b>234,422</b>    | <b>246,759</b>    | <b>438,370</b>    | <b>223,524</b>    | <b>690,877</b>      | <b>1,143,075</b>    |
| <b>Economic Income</b>                         | <b>\$ 352,944</b> | <b>\$ 370,890</b> | <b>\$ 414,041</b> | <b>\$ 932,100</b> | <b>\$ 320,921</b> | <b>\$ 1,084,810</b> | <b>\$ 2,037,952</b> |
| Total Assets Under Management                  | \$ 59,475,215     | \$ 63,919,906     | \$ 68,964,455     | \$ 79,410,788     | \$ 81,333,562     | \$ 59,475,215       | \$ 81,333,562       |
| Fee-Earning Assets Under Management            | \$ 42,140,507     | \$ 43,635,493     | \$ 44,715,985     | \$ 50,792,803     | \$ 53,490,834     | \$ 42,140,507       | \$ 53,490,834       |
| Weighted Average Fee-Earning AUM               | \$ 41,682,661     | \$ 42,523,604     | \$ 44,163,396     | \$ 50,568,609     | \$ 50,954,956     | \$ 39,878,906       | \$ 45,064,145       |
| LP Capital Invested                            | \$ 1,175,775      | \$ 2,213,668      | \$ 2,365,224      | \$ 3,986,610      | \$ 1,692,232      | \$ 8,250,395        | \$ 10,257,734       |
| Total Capital Invested                         | \$ 1,202,736      | \$ 2,274,853      | \$ 2,438,725      | \$ 4,333,419      | \$ 1,746,460      | \$ 8,545,336        | \$ 10,793,457       |

(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)                         | 1Q'13            | 2Q'13            | 3Q'13            | 4Q'13             | 1Q'14             | 1Q'13 LTM         | 1Q'14 LTM         |
|--|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Revenues</b>                                |                  |                  |                  |                   |                   |                   |                   |
| <b>Management Fees, Net</b>                    |                  |                  |                  |                   |                   |                   |                   |
| Base Management Fees                           | \$ 92,791        | \$ 100,113       | \$ 103,392       | \$ 113,025        | \$ 113,384        | \$ 357,180        | \$ 429,914        |
| Transaction and Other Fees, Net <sup>(a)</sup> | 4                | 61               | 295              | 263               | 93                | 100               | 712               |
| Management Fee Offsets <sup>(b)</sup>          | (324)            | (714)            | (1,200)          | (1,149)           | (1,455)           | (1,403)           | (4,518)           |
| <b>Total Management Fees, Net</b>              | <b>92,471</b>    | <b>99,460</b>    | <b>102,487</b>   | <b>112,139</b>    | <b>112,022</b>    | <b>355,877</b>    | <b>426,108</b>    |
| <b>Performance Fees</b>                        |                  |                  |                  |                   |                   |                   |                   |
| Realized Incentive Fees                        | 13,709           | 13,845           | 5,320            | 174,861           | 39,845            | 93,844            | 233,871           |
| Unrealized Incentive Fees                      | 55,501           | 20,989           | 29,208           | (97,980)          | 18,085            | 41,356            | (29,698)          |
| <b>Total Performance Fees</b>                  | <b>69,210</b>    | <b>34,834</b>    | <b>34,528</b>    | <b>76,881</b>     | <b>57,930</b>     | <b>135,200</b>    | <b>204,173</b>    |
| <b>Investment Income (Loss)</b>                |                  |                  |                  |                   |                   |                   |                   |
| Realized                                       | 852              | 13,668           | (598)            | 13,691            | 16,820            | 7,619             | 43,581            |
| Unrealized                                     | 3,913            | (12,054)         | 6,439            | (7,604)           | 4,431             | 4,059             | (8,788)           |
| <b>Total Investment Income</b>                 | <b>4,765</b>     | <b>1,614</b>     | <b>5,841</b>     | <b>6,087</b>      | <b>21,251</b>     | <b>11,678</b>     | <b>34,793</b>     |
| Interest Income and Dividend Revenue           | 1,216            | 1,878            | 2,523            | 1,988             | 2,661             | 2,969             | 9,050             |
| Other  | 85               | (254)            | 595              | 262               | 122               | 4,028             | 725               |
| <b>Total Revenues</b>                          | <b>167,747</b>   | <b>137,532</b>   | <b>145,974</b>   | <b>197,357</b>    | <b>193,986</b>    | <b>509,752</b>    | <b>674,849</b>    |
| <b>Expenses</b>                                |                  |                  |                  |                   |                   |                   |                   |
| Compensation                                   | 33,868           | 36,844           | 37,611           | 28,147            | 40,571            | 125,366           | 143,173           |
| <b>Performance Fee Compensation</b>            |                  |                  |                  |                   |                   |                   |                   |
| Realized Incentive Fees                        | 5,022            | 5,116            | 1,954            | 53,701            | 13,271            | 26,724            | 74,042            |
| Unrealized Incentive Fees                      | 19,836           | 7,666            | 10,177           | (34,823)          | 6,761             | 13,859            | (10,219)          |
| <b>Total Compensation and Benefits</b>         | <b>58,726</b>    | <b>49,626</b>    | <b>49,742</b>    | <b>47,025</b>     | <b>60,603</b>     | <b>165,949</b>    | <b>206,996</b>    |
| Other Operating Expenses                       | 15,159           | 16,535           | 19,575           | 15,697            | 19,480            | 59,034            | 71,287            |
| <b>Total Expenses</b>                          | <b>73,885</b>    | <b>66,161</b>    | <b>69,317</b>    | <b>62,722</b>     | <b>80,083</b>     | <b>224,983</b>    | <b>278,283</b>    |
| <b>Economic Income</b>                         | <b>\$ 93,862</b> | <b>\$ 71,371</b> | <b>\$ 76,657</b> | <b>\$ 134,635</b> | <b>\$ 113,903</b> | <b>\$ 284,769</b> | <b>\$ 396,566</b> |
| Total Assets Under Management                  | \$ 48,187,865    | \$ 50,128,028    | \$ 53,162,174    | \$ 55,657,463     | \$ 58,262,659     | \$ 48,187,865     | \$ 58,262,659     |
| Fee-Earning Assets Under Management            | \$ 45,585,454    | \$ 47,572,465    | \$ 50,829,734    | \$ 52,865,837     | \$ 55,571,357     | \$ 45,585,454     | \$ 55,571,357     |
| Weighted Average Fee-Earning AUM               | \$ 44,999,899    | \$ 46,783,727    | \$ 48,933,335    | \$ 51,794,518     | \$ 54,715,882     | \$ 42,972,258     | \$ 50,438,845     |
| LP Capital Invested                            | \$ 55,849        | \$ 118,323       | \$ 248,422       | \$ 8,681          | \$ 167,170        | \$ 252,029        | \$ 542,596        |
| Total Capital Invested                         | \$ 59,000        | \$ 125,000       | \$ 262,309       | \$ 8,681          | \$ 202,674        | \$ 266,250        | \$ 598,664        |

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

(b) Primarily placement fees.



# Credit

| (Dollars in Thousands)                         | 1Q'13            | 2Q'13            | 3Q'13            | 4Q'13             | 1Q'14            | 1Q'13 LTM         | 1Q'14 LTM         |
|--|------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|
| <b>Revenues</b>                                |                  |                  |                  |                   |                  |                   |                   |
| <b>Management Fees, Net</b>                    |                  |                  |                  |                   |                  |                   |                   |
| Base Management Fees                           | \$ 91,364        | \$ 101,940       | \$ 101,900       | \$ 102,954        | \$ 105,574       | \$ 356,547        | \$ 412,368        |
| Transaction and Other Fees, Net <sup>(a)</sup> | 4,374            | 9,002            | 7,058            | 8,152             | 3,344            | 39,524            | 27,556            |
| Management Fee Offsets <sup>(b)</sup>          | (1,572)          | (1,559)          | (2,606)          | (34,592)          | (4,252)          | (6,270)           | (43,009)          |
| <b>Total Management Fees, Net</b>              | <b>94,166</b>    | <b>109,383</b>   | <b>106,352</b>   | <b>76,514</b>     | <b>104,666</b>   | <b>389,801</b>    | <b>396,915</b>    |
| <b>Performance Fees</b>                        |                  |                  |                  |                   |                  |                   |                   |
| Realized Carried Interest                      | 85,505           | 35,908           | 3,655            | 2,124             | 19,160           | 137,006           | 60,847            |
| Realized Incentive Fees                        | 7,926            | 29,920           | 22,181           | 160,709           | 14,018           | 198,319           | 226,828           |
| Unrealized Carried Interest                    | (18,775)         | 13,808           | 35,946           | 77,099            | 22,986           | 100,025           | 149,839           |
| Unrealized Incentive Fees                      | 49,854           | 15,648           | 9,303            | (73,698)          | 40,444           | (25,400)          | (8,303)           |
| <b>Total Performance Fees</b>                  | <b>124,510</b>   | <b>95,284</b>    | <b>71,085</b>    | <b>166,234</b>    | <b>96,608</b>    | <b>409,950</b>    | <b>429,211</b>    |
| <b>Investment Income (Loss)</b>                |                  |                  |                  |                   |                  |                   |                   |
| Realized                                       | 3,328            | 901              | 496              | (627)             | 3,071            | 18,256            | 3,841             |
| Unrealized                                     | 1,093            | 4,381            | (1,042)          | 9,519             | 3,079            | (3,349)           | 15,937            |
| <b>Total Investment Income (Loss)</b>          | <b>4,421</b>     | <b>5,282</b>     | <b>(546)</b>     | <b>8,892</b>      | <b>6,150</b>     | <b>14,907</b>     | <b>19,778</b>     |
| Interest Income and Dividend Revenue           | 4,547            | 4,071            | 5,288            | 4,240             | 5,861            | 11,452            | 19,460            |
| Other  | 1,828            | (1,063)          | (357)            | 119               | (259)            | 892               | (1,560)           |
| <b>Total Revenues</b>                          | <b>229,472</b>   | <b>212,957</b>   | <b>181,822</b>   | <b>255,999</b>    | <b>213,026</b>   | <b>827,002</b>    | <b>863,804</b>    |
| <b>Expenses</b>                                |                  |                  |                  |                   |                  |                   |                   |
| Compensation                                   | 45,521           | 55,941           | 53,250           | 31,802            | 50,752           | 190,455           | 191,745           |
| <b>Performance Fee Compensation</b>            |                  |                  |                  |                   |                  |                   |                   |
| Realized Carried Interest                      | 47,328           | 20,028           | 1,603            | 452               | 11,794           | 74,123            | 33,877            |
| Realized Incentive Fees                        | 3,762            | 14,165           | 10,726           | 82,591            | 10,380           | 104,792           | 117,862           |
| Unrealized Carried Interest                    | (10,204)         | 6,109            | 19,216           | 42,026            | 10,853           | 56,038            | 78,204            |
| Unrealized Incentive Fees                      | 23,608           | 11,747           | 292              | (35,139)          | 15,388           | (23,371)          | (7,712)           |
| <b>Total Compensation and Benefits</b>         | <b>110,015</b>   | <b>107,990</b>   | <b>85,087</b>    | <b>121,732</b>    | <b>99,167</b>    | <b>402,037</b>    | <b>413,976</b>    |
| Other Operating Expenses                       | 20,962           | 22,961           | 23,451           | 29,566            | 32,839           | 88,354            | 108,817           |
| <b>Total Expenses</b>                          | <b>130,977</b>   | <b>130,951</b>   | <b>108,538</b>   | <b>151,298</b>    | <b>132,006</b>   | <b>490,391</b>    | <b>522,793</b>    |
| <b>Economic Income</b>                         | <b>\$ 98,495</b> | <b>\$ 82,006</b> | <b>\$ 73,284</b> | <b>\$ 104,701</b> | <b>\$ 81,020</b> | <b>\$ 336,611</b> | <b>\$ 341,011</b> |
| Total Assets Under Management                  | \$ 58,055,781    | \$ 62,236,513    | \$ 63,318,446    | \$ 65,014,348     | \$ 66,006,417    | \$ 58,055,781     | \$ 66,006,417     |
| Fee-Earning Assets Under Management            | \$ 46,437,616    | \$ 48,495,765    | \$ 49,458,992    | \$ 51,722,584     | \$ 53,386,685    | \$ 46,437,616     | \$ 53,386,685     |
| Weighted Average Fee-Earning AUM               | \$ 45,960,690    | \$ 47,723,711    | \$ 48,645,182    | \$ 50,655,628     | \$ 52,759,492    | \$ 43,867,284     | \$ 49,284,967     |
| LP Capital Invested                            | \$ 275,852       | \$ 553,123       | \$ 240,101       | \$ 369,494        | \$ 580,106       | \$ 1,604,099      | \$ 1,742,824      |
| Total Capital Invested                         | \$ 287,727       | \$ 577,399       | \$ 287,158       | \$ 443,150        | \$ 587,256       | \$ 1,820,755      | \$ 1,894,963      |

(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)                     | 1Q'13              | 2Q'13            | 3Q'13            | 4Q'13            | 1Q'14             | 1Q'13 LTM        | 1Q'14 LTM        |
|--|--------------------|------------------|------------------|------------------|-------------------|------------------|------------------|
| <b>Revenues</b>                            |                    |                  |                  |                  |                   |                  |                  |
| Advisory Fees                              | \$ 67,020          | \$ 120,734       | \$ 83,602        | \$ 139,158       | \$ 69,963         | \$ 348,591       | \$ 413,457       |
| Transaction and Other Fees, Net            | 3                  | 40               | 196              | 866              | 62                | 153              | 1,164            |
| <b>Total Advisory and Transaction Fees</b> | <b>67,023</b>      | <b>120,774</b>   | <b>83,798</b>    | <b>140,024</b>   | <b>70,025</b>     | <b>348,744</b>   | <b>414,621</b>   |
| <b>Investment Income (Loss)</b>            |                    |                  |                  |                  |                   |                  |                  |
| Realized                                   | 234                | (146)            | (829)            | (884)            | 134               | 1,043            | (1,725)          |
| Unrealized                                 | (359)              | (1,518)          | 1,006            | 1,610            | 694               | 1,038            | 1,792            |
| <b>Total Investment Income (Loss)</b>      | <b>(125)</b>       | <b>(1,664)</b>   | <b>177</b>       | <b>726</b>       | <b>828</b>        | <b>2,081</b>     | <b>67</b>        |
| Interest Income and Dividend Revenue       | 1,616              | 1,746            | 2,437            | 2,221            | 2,502             | 7,211            | 8,906            |
| Other                                      | (61)               | 61               | 836              | 614              | (175)             | (947)            | 1,336            |
| <b>Total Revenues</b>                      | <b>68,453</b>      | <b>120,917</b>   | <b>87,248</b>    | <b>143,585</b>   | <b>73,180</b>     | <b>357,089</b>   | <b>424,930</b>   |
| <b>Expenses</b>                            |                    |                  |                  |                  |                   |                  |                  |
| Compensation                               | 57,926             | 76,153           | 57,491           | 70,744           | 61,682            | 225,103          | 266,070          |
| <b>Total Compensation and Benefits</b>     | <b>57,926</b>      | <b>76,153</b>    | <b>57,491</b>    | <b>70,744</b>    | <b>61,682</b>     | <b>225,103</b>   | <b>266,070</b>   |
| Other Operating Expenses                   | 20,693             | 20,861           | 19,208           | 21,443           | 21,342            | 84,596           | 82,854           |
| <b>Total Expenses</b>                      | <b>78,619</b>      | <b>97,014</b>    | <b>76,699</b>    | <b>92,187</b>    | <b>83,024</b>     | <b>309,699</b>   | <b>348,924</b>   |
| <b>Economic Income (Loss)</b>              | <b>\$ (10,166)</b> | <b>\$ 23,903</b> | <b>\$ 10,549</b> | <b>\$ 51,398</b> | <b>\$ (9,844)</b> | <b>\$ 47,390</b> | <b>\$ 76,006</b> |

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

- ▶ Blackstone had \$3.5 billion of accrued performance fees, net of performance fee compensation and distributed Realized Performance Fees, at the end of the first quarter.

| (Dollars in Millions, Except per Unit Data) | Net Accrued Performance Fees <sup>(b)</sup> |                 |                         |                  |
|---|---|-----------------|-------------------------|------------------|
|   | 4Q'13                                       | 1Q'14           | Per Unit <sup>(c)</sup> | Change vs. 4Q'13 |
| <b>Private Equity</b>                       |   |                 |                         |                  |
| BCP IV Carried Interest                     | \$ 424                                      | \$ 437          | \$ 0.38                 | \$ 13            |
| BCP V Carried Interest                      | 26  | 141             | 0.12                    | 115              |
| BCP VI Carried Interest                     | 108   | 173             | 0.15                    | 65               |
| BEP Carried Interest                        | 65  | 58              | 0.05                    | (7)              |
| Tactical Opportunities Carried Interest     | 8   | 10              | 0.01                    | 2                |
| SP V Carried Interest                       | 1   | 1               | 0.00                    | -                |
| <b>Total Private Equity</b>                 | <b>632</b>                                  | <b>820</b>      | <b>0.72</b>             | <b>188</b>       |
| <b>Real Estate</b>                          |   |                 |                         |                  |
| BREP IV Carried Interest                    | -   | 2               | 0.00                    | 2                |
| BREP V Carried Interest                     | 603   | 623             | 0.55                    | 20               |
| BREP VI Carried Interest                    | 1,264                                       | 1,284           | 1.13                    | 20               |
| BREP VII Carried Interest                   | 293   | 358             | 0.31                    | 65               |
| BREP Int'l I Carried Interest               | 2   | 2               | 0.00                    | -                |
| BREP Europe III Carried Interest            | 155   | 117             | 0.10                    | (38)             |
| BREP Europe IV Carried Interest             | -   | 3               | 0.00                    | 3                |
| BREP Asia Carried Interest                  | 4   | 8               | 0.01                    | 4                |
| BREDS Carried Interest                      | 12  | 15              | 0.01                    | 3                |
| BREDS Incentive Fees                        | 4   | 3               | 0.00                    | (1)              |
| Asia Platform Incentive Fees                | 10  | 9               | 0.01                    | (1)              |
| <b>Total Real Estate</b>                    | <b>2,347</b>                                | <b>2,424</b>    | <b>2.13</b>             | <b>77</b>        |
| <b>Hedge Fund Solutions</b>                 |   |                 |                         |                  |
| Incentive Fees                              | 144   | 56              | 0.05                    | (88)             |
| <b>Total Hedge Fund Solutions</b>           | <b>144</b>                                  | <b>56</b>       | <b>0.05</b>             | <b>(88)</b>      |
| <b>Credit</b>                               |   |                 |                         |                  |
| Carried Interest                            | 173   | 185             | 0.16                    | 12               |
| Incentive Fees                              | 104   | 61              | 0.05                    | (43)             |
| <b>Total Credit</b>                         | <b>277</b>                                  | <b>246</b>      | <b>0.22</b>             | <b>(31)</b>      |
| <b>Total Blackstone</b>                     |   |                 |                         |                  |
| Carried Interest                            | 3,138                                       | 3,417           | 3.00                    | 279              |
| Incentive Fees                              | 262   | 129             | 0.11                    | (133)            |
| <b>Net Accrued Performance Fees</b>         | <b>\$ 3,400</b>                             | <b>\$ 3,546</b> | <b>\$ 3.11</b>          | <b>\$ 146</b>    |
| <i>Memo: Net Realized Performance Fees</i>  | <i>\$ 261</i>                               | <i>\$ 94</i>    | <i>\$ 0.08</i>          | <i>\$ (167)</i>  |

| (Dollars / Euros In Millions) | Carried Interest Status (excl. SBS) <sup>(d)</sup> |           |  |                 |                          |
|-------------------------------|--|-----------|--|-----------------|--------------------------|
|                               | Remaining Capital                                  |           | Gain to Cross (Amount Above) Carry Threshold |                 | % Change in Equity Value |
|                               | Fair Value   | Cost      | Amount                                       | % Change in TEV |                          |
| <b>Private Equity</b>         |  |           |  |                 |                          |
| BCP V                         | \$ 16,620  | \$ 11,336 | \$ 916                                       | 3%              | 6%                       |
| BCP V-AC                      | 1,869  | 1,103     | (441)  | (12)%           | (24)%                    |
| <b>Real Estate</b>            |  |           |  |                 |                          |
| BREP Int'l II                 | € 1,360  | € 1,111   | € 893  | 21%             | 66%                      |

**\$3.5 billion**

Net Accrued Performance Fees at 1Q'14

**\$3.11 per unit<sup>(c)</sup>**

Net Accrued Performance Fees at 1Q'14

**57% increase**

in Net Accrued Performance Fees since 1Q'13

(a) Preliminary. Totals may not add due to rounding. TEV = Total Enterprise Value.

(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 page 30, 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 March 31, 2014<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               | 247,105                | 1.2x        | -          | 2,619,040            | 1.4x        | 2,866,145            | 1.3x        | 7%           | 6%         |  |
| BCP IV (Nov 2002 / Dec 2005)               | 6,773,138            | 230,235               | 4,223,212              | 2.1x        | 66%        | 17,166,888           | 3.1x        | 21,390,100           | 2.8x        | 46%          | 37%        |  |
| BCP V (Dec 2005 / Jan 2011)                | 21,030,451           | 1,717,290             | 20,040,553             | 1.6x        | 48%        | 10,836,203           | 1.5x        | 30,876,756           | 1.5x        | 8%           | 7%         |  |
| BCP VI (Jan 2011 / Jan 2017)               | 15,181,593           | 9,462,410             | 6,976,180              | 1.4x        | 19%        | 1,003,118            | 1.6x        | 7,979,298            | 1.4x        | 24%          | 17%        |  |
| BEP (Aug 2011 / Aug 2017)                  | 2,438,077            | 1,342,695             | 1,469,729              | 1.7x        | 39%        | 631,832              | 1.5x        | 2,101,561            | 1.6x        | 46%          | 49%        |  |
| <b>Total Corporate Private Equity</b>      | <b>\$ 53,748,192</b> | <b>\$ 12,951,928</b>  | <b>\$ 32,956,779</b>   | <b>1.6x</b> | <b>44%</b> | <b>\$ 46,440,326</b> | <b>2.1x</b> | <b>\$ 79,397,105</b> | <b>1.9x</b> | <b>20%</b>   | <b>16%</b> |  |
| Tactical Opportunities                     | 5,415,867            | 3,852,911             | 1,740,034              | 1.1x        | 7%         | 155,722              | 1.0x        | 1,895,756            | 1.1x        | 12%          | 13%        |  |
| Strategic Partners                         | 13,933,728           | 4,106,594             | 6,138,402              | 1.7x        | n/a        | 10,029,354           | 1.3x        | 16,167,756           | 1.5x        | n/a          | 14%        |  |
| Other Funds and Co-Invest (e)              | 1,201,226            | 37,082                | 651,966                | 0.8x        | 60%        | 20,890               | 1.0x        | 672,856              | 0.8x        | n/m          | n/m        |  |
| <b>Total Private Equity</b>                | <b>\$ 74,299,013</b> | <b>\$ 20,948,515</b>  | <b>\$ 41,487,181</b>   | <b>1.5x</b> | <b>42%</b> | <b>\$ 56,646,292</b> | <b>1.9x</b> | <b>\$ 98,133,473</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            | -                     | 1,445,458              | 1.0x        | -          | 3,092,653            | 2.4x        | 4,538,111            | 1.7x        | 66%          | 14%        |  |
| BREP V (Dec 2005 / Feb 2007)               | 5,538,579            | -                     | 7,002,575              | 1.8x        | -          | 3,928,514            | 2.0x        | 10,931,089           | 1.9x        | 25%          | 10%        |  |
| BREP VI (Feb 2007 / Aug 2011)              | 11,057,280           | 656,849               | 18,762,958             | 2.1x        | 62%        | 3,859,420            | 2.1x        | 22,622,378           | 2.1x        | 24%          | 13%        |  |
| BREP VII (Aug 2011 / Feb 2017)             | 13,432,352           | 5,263,381             | 11,822,984             | 1.4x        | 4%         | 1,682,063            | 1.6x        | 13,505,047           | 1.4x        | 39%          | 28%        |  |
| <b>Total Global Real Estate Funds</b>      | <b>\$ 35,469,374</b> | <b>\$ 5,920,230</b>   | <b>\$ 39,036,136</b>   | <b>1.7x</b> | <b>31%</b> | <b>\$ 20,092,294</b> | <b>2.2x</b> | <b>\$ 59,128,430</b> | <b>1.9x</b> | <b>27%</b>   | <b>17%</b> |  |
| <b>Euro</b>                                |                      |                       |                        |             |            |                      |             |                      |             |              |            |  |
| BREP Int'l (Jan 2001 / Sep 2005)           | € 824,172            | € -                   | € 120,660              | 1.5x        | -          | € 1,238,480          | 2.2x        | € 1,359,140          | 2.1x        | 25%          | 23%        |  |
| BREP Int'l II (Sep 2005 / Jun 2008)        | 1,627,954            | 80,124                | 1,503,865              | 1.3x        | 45%        | 203,180              | 1.2x        | 1,707,045            | 1.2x        | 3%           | 2%         |  |
| BREP Europe III (Jun 2008 / Dec 2013)      | 3,203,890            | 622,720               | 3,350,843              | 1.4x        | 13%        | 898,961              | 2.4x        | 4,249,804            | 1.5x        | 33%          | 17%        |  |
| BREP Europe IV (Sep 2013 / Mar 2019)       | 5,124,904            | 4,453,354             | 776,510                | 1.1x        | -          | 26,640               | 1.1x        | 803,150              | 1.1x        | 47%          | 14%        |  |
| <b>Total Euro Real Estate Funds</b>        | <b>€ 10,780,920</b>  | <b>€ 5,156,198</b>    | <b>€ 5,751,878</b>     | <b>1.3x</b> | <b>19%</b> | <b>€ 2,367,261</b>   | <b>2.1x</b> | <b>€ 8,119,139</b>   | <b>1.5x</b> | <b>25%</b>   | <b>11%</b> |  |
| BREP Co-Investment (f)                     | \$ 5,160,385         | \$ -                  | \$ 8,794,315           | 1.9x        | 81%        | \$ 711,502           | 1.5x        | \$ 9,505,817         | 1.8x        | 13%          | 17%        |  |
| BREP Asia (Jun 2013 / Dec 2017)            | 3,493,216            | 2,919,108             | 732,390                | 1.2x        | -          | 4,400                | 1.0x        | 736,790              | 1.2x        | n/a          | 31%        |  |
| <b>Total Real Estate</b>                   | <b>\$ 58,198,272</b> | <b>\$ 15,944,065</b>  | <b>\$ 56,264,684</b>   | <b>1.7x</b> | <b>37%</b> | <b>\$ 23,915,191</b> | <b>2.1x</b> | <b>\$ 80,179,875</b> | <b>1.8x</b> | <b>26%</b>   | <b>16%</b> |  |
| Core Plus                                  | \$ 1,194,180         | \$ 233,500            | \$ 960,680             | n/a         | -          | \$ -                 | n/a         | \$ 960,680           | n/a         | n/a          | n/a        |  |
| BREDS (g)                                  | \$ 6,477,635         | \$ 2,677,962          | \$ 3,085,249           | n/a         | -          | \$ 2,575,404         | n/a         | \$ 5,660,653         | n/a         | 15%          | 12%        |  |
| <b>Credit (h)</b>                          |                      |                       |                        |             |            |                      |             |                      |             |              |            |  |
| Mezzanine I                                | \$ 2,000,000         | \$ 139,685            | \$ 1,341,214           | 1.5x        | -          | \$ 3,397,867         | 1.6x        | \$ 4,739,081         | 1.6x        | n/a          | 18%        |  |
| Mezzanine II                               | 4,120,000            | 2,893,249             | 1,557,619              | 1.3x        | -          | 823,420              | 1.4x        | 2,381,039            | 1.3x        | n/a          | 24%        |  |
| Rescue Lending I                           | 3,253,143            | 474,384               | 3,540,076              | 1.5x        | -          | 2,250,056            | 1.4x        | 5,790,132            | 1.4x        | n/a          | 17%        |  |
| Rescue Lending II                          | 5,125,000            | 4,341,551             | 831,740                | 1.1x        | -          | 3,795                | 1.0x        | 835,535              | 1.1x        | n/a          | n/m        |  |
| <b>Total Credit</b>                        | <b>\$ 14,498,143</b> | <b>\$ 7,848,869</b>   | <b>\$ 7,270,649</b>    | <b>1.4x</b> | <b>-</b>   | <b>\$ 6,475,138</b>  | <b>1.5x</b> | <b>\$ 13,745,787</b> | <b>1.4x</b> |              |            |  |

Notes on next page.

## Investment Records as of March 31, 2014 – Notes

---

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 March 31, 2014 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 I, Mezzanine II, Rescue Lending I and Rescue Lending II Funds, excluding recycled capital during the investment period, was 2.0x, 1.7x, 1.6x and 1.1x, respectively. Funds presented represent the flagship credit drawdown funds only.

## Reconciliation of GAAP to Non-GAAP Measures

| (Dollars in Thousands)  | 1Q'13      | 2Q'13      | 3Q'13      | 4Q'13        | 1Q'14      | 1Q'13 LTM    | 1Q'14 LTM    |
|---|------------|------------|------------|--------------|------------|--------------|--------------|
| <b>Net Income Attributable to The Blackstone Group L.P.</b>   | \$ 167,635 | \$ 211,148 | \$ 171,164 | \$ 621,255   | \$ 265,617 | \$ 327,908   | \$ 1,269,184 |
| Net Income Attributable to Non-Controlling Interests in Blackstone Holdings   | 207,090    | 249,134    | 208,332    | 675,289      | 299,505    | 507,412      | 1,432,260    |
| Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities                                      | (9,452)    | 27,944     | 30,231     | 149,834      | 43,961     | (107,136)    | 251,970      |
| Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities                                  | 62,316     | 22,366     | 51,188     | 47,445       | 45,792     | 111,655      | 166,791      |
| <b>Net Income</b>   | \$ 427,589 | \$ 510,592 | \$ 460,915 | \$ 1,493,823 | \$ 654,875 | \$ 839,839   | \$ 3,120,205 |
| Provision for Taxes   | 50,993     | 56,082     | 57,477     | 91,090       | 54,097     | 197,263      | 258,746      |
| <b>Income Before Provision for Taxes</b>  | \$ 478,582 | \$ 566,674 | \$ 518,392 | \$ 1,584,913 | \$ 708,972 | \$ 1,037,102 | \$ 3,378,951 |
| IPO and Acquisition-Related Charges <sup>(a)</sup>  | 186,962    | 178,706    | 190,525    | 166,514      | 177,024    | 1,021,576    | 712,769      |
| Amortization of Intangibles <sup>(b)</sup>  | 25,657     | 24,322     | 27,525     | 29,139       | 29,003     | 124,917      | 109,989      |
| (Income) Associated with Non-Controlling Interests of Consolidated Entities <sup>(c)</sup>                                | (52,864)   | (50,310)   | (81,419)   | (197,279)    | (89,753)   | (4,519)      | (418,761)    |
| <b>Economic Income</b>  | \$ 638,337 | \$ 719,392 | \$ 655,023 | \$ 1,583,287 | \$ 825,246 | \$ 2,179,076 | \$ 3,782,948 |
| Taxes <sup>(d)</sup>  | (10,031)   | (16,152)   | (14,792)   | (41,189)     | (11,312)   | (46,688)     | (83,445)     |
| <b>Economic Net Income</b>  | \$ 628,306 | \$ 703,240 | \$ 640,231 | \$ 1,542,098 | \$ 813,934 | \$ 2,132,388 | \$ 3,699,503 |
| Taxes <sup>(d)</sup>  | 10,031     | 16,152     | 14,792     | 41,189       | 11,312     | 46,688       | 83,445       |
| Performance Fee Adjustment <sup>(e)</sup>   | (603,999)  | (719,219)  | (544,936)  | (1,688,219)  | (779,014)  | (1,812,008)  | (3,731,388)  |
| Investment (Income) Adjustment <sup>(f)</sup>   | (134,771)  | (97,119)   | (99,172)   | (356,743)    | (116,467)  | (337,609)    | (669,501)    |
| Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(g)</sup>                                | (1,729)    | (21,452)   | (712)      | 4,319        | 7,810      | 17,730       | (10,035)     |
| Performance Fee Compensation and Benefits Adjustment <sup>(h)</sup>   | 239,895    | 286,832    | 168,393    | 718,062      | 237,254    | 643,929      | 1,410,541    |
| <b>Fee Related Earnings</b>   | \$ 137,733 | \$ 168,434 | \$ 178,596 | \$ 260,706   | \$ 174,829 | \$ 691,118   | \$ 782,565   |
| Realized Performance Fees <sup>(i)</sup>  | 218,952    | 147,231    | 138,924    | 455,068      | 214,427    | 604,714      | 955,650      |
| Realized Investment Income <sup>(j)</sup>   | 38,110     | 54,586     | 11,492     | 66,283       | 111,917    | 110,016      | 244,278      |
| Adjustment Related to Realized Investment (Income) Loss - Blackstone's Treasury Cash Management Strategies <sup>(k)</sup> | (3,820)    | 1,469      | 6,672      | 8,873        | (1,344)    | (19,795)     | 15,670       |
| Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(l)</sup>                                | (12,148)   | (44,220)   | (31,756)   | (68,610)     | (31,054)   | (135,422)    | (175,640)    |
| Equity-Based Compensation <sup>(m)</sup>  | 12,085     | 10,985     | 8,745      | 98,309       | 16,337     | 94,279       | 134,376      |
| <b>Distributable Earnings</b>   | \$ 390,912 | \$ 338,485 | \$ 312,673 | \$ 820,629   | \$ 485,112 | \$ 1,344,910 | \$ 1,956,899 |
| Interest Expense  | 26,069     | 25,960     | 25,268     | 26,607       | 30,398     | 81,667       | 108,233      |
| Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(l)</sup>                                | 12,148     | 44,220     | 31,756     | 68,610       | 31,054     | 135,422      | 175,640      |
| Depreciation and Amortization   | 8,643      | 9,116      | 8,956      | 8,726        | 10,373     | 40,610       | 37,171       |
| <b>Adjusted EBITDA</b>  | \$ 437,772 | \$ 417,781 | \$ 378,653 | \$ 924,572   | \$ 556,937 | \$ 1,602,609 | \$ 2,277,943 |

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

---

Note: See page 31, 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 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 (Loss) 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)  | 1Q'14              | 1Q'14 LTM           |
|---|--------------------|---------------------|
| Interest Income and Dividend Revenue  | \$ 22,362          | \$ 78,637           |
| Other Revenue   | 869                | 9,034               |
| Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>                                      | 7,810              | (10,035)            |
| <b>Interest Income and Other Revenue</b>  | <b>\$ 31,041</b>   | <b>\$ 77,636</b>    |
| Realized Incentive Fees   | 53,837             | 503,443             |
| Less: Realized Incentive Fee Compensation   | (23,635)           | (214,042)           |
| <b>Net Realized Incentive Fees</b>  | <b>\$ 30,202</b>   | <b>\$ 289,401</b>   |
| Realized Carried Interest   | 333,623            | 983,411             |
| Less: Realized Carried Interest Compensation  | (149,398)          | (317,162)           |
| <b>Net Realized Carried Interest</b>  | <b>\$ 184,225</b>  | <b>\$ 666,249</b>   |
| Realized Investment Income  | 111,917            | 244,278             |
| Adjustment Related to Realized Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>       | (1,344)            | 15,670              |
| <b>Net Realized Investment Income</b>   | <b>\$ 110,573</b>  | <b>\$ 259,948</b>   |
| <b>Equity-Based Compensation<sup>(b)</sup></b>  | <b>\$ 16,337</b>   | <b>\$ 134,376</b>   |
| <b>Taxes and Related Payables<sup>(a)</sup></b>   | <b>\$ (31,054)</b> | <b>\$ (175,640)</b> |
| Unrealized Incentive Fees   | 61,266             | (66,417)            |
| Less: Unrealized Incentive Fee Compensation   | (23,531)           | 32,598              |
| <b>Net Unrealized Incentive Fees</b>  | <b>\$ 37,735</b>   | <b>\$ (33,819)</b>  |
| Unrealized Carried Interest   | 330,288            | 2,310,951           |
| Less: Unrealized Carried Interest Compensation  | (40,690)           | (911,935)           |
| <b>Net Unrealized Carried Interest</b>  | <b>\$ 289,598</b>  | <b>\$ 1,399,016</b> |
| Unrealized Investment Income  | 4,550              | 425,223             |
| Less: Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>                                | (7,810)            | 10,035              |
| Less: Adjustment Related to Realized Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup> | 1,344              | (15,670)            |
| <b>Net Unrealized Investment Income</b>   | <b>\$ (1,916)</b>  | <b>\$ 419,588</b>   |
| <b>Related Payables<sup>(c)</sup></b>   | <b>\$ 19,742</b>   | <b>\$ 92,195</b>    |

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

(a) See pages 27-28, 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, which is a component of Taxes and Related Payables.



## Unit Rollforward

|   | 1Q'13                | 2Q'13                | 3Q'13                | 4Q'13                | 1Q'14                |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total GAAP Weighted-Average Common Units Outstanding - Basic          | 582,322,183          | 583,843,094          | 589,643,844          | 592,129,570          | 601,527,299          |
| <i>Adjustments:</i>   |                      |                      |                      |                      |                      |
| Weighted-Average Unvested Deferred Restricted Common Units            | 3,377,716            | 2,919,959            | 3,276,951            | 4,536,624            | 4,141,865            |
| <b>Total GAAP Weighted-Average Common Units Outstanding - Diluted</b> | <b>585,699,899</b>   | <b>586,763,053</b>   | <b>592,920,795</b>   | <b>596,666,194</b>   | <b>605,669,164</b>   |
| <i>Adjustments:</i>   |                      |                      |                      |                      |                      |
| Weighted-Average Blackstone Holdings Partnership Units                | 557,463,170          | 555,224,714          | 551,916,623          | 549,773,866          | 549,327,240          |
| <b>Weighted-Average Economic Net Income Adjusted Units</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>1,154,996,404</b> |
| <b>Economic Net Income Adjusted Units, End of Period</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>1,154,889,678</b> |
| Total Common Units Outstanding <sup>(a)</sup>                         | 573,275,746          | 576,466,264          | 584,860,157          | 588,165,949          | 599,372,943          |
| <i>Adjustments:</i>   |                      |                      |                      |                      |                      |
| Blackstone Holdings Partnership Units                                 | 554,603,708          | 550,902,208          | 550,274,903          | 547,021,277          | 541,129,472          |
| <b>Distributable Earnings Units Outstanding<sup>(b)</sup></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>1,140,502,415</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

---

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

---

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, 2013, 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.