

Blackstone

Blackstone Reports Second Quarter Results

New York, July 17, 2014: Blackstone (NYSE:BX) today reported its second quarter 2014 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Blackstone’s second quarter results marked one of our best ever in terms of both ENI and distributable earnings. As more of our assets under management have seasoned, we’ve been increasingly active in harvesting the value we’ve created over several years. At the same time, ENI, which reflects our current value creation, remains at record levels, reaching \$4.3 billion for the past twelve months. Despite our sharp increase in realizations to \$39 billion over the past year, continued capital inflows and strong investment performance brought us to another record for total assets under management, reaching \$279 billion at quarter end, up 21% year over year.”

Blackstone issued a full detailed presentation of its second quarter 2014 results, which can be viewed at www.Blackstone.com.

Distribution

Blackstone has declared a quarterly distribution of \$0.55 per common unit to record holders of common units at the close of business on July 28, 2014. This distribution will be paid on August 4, 2014.

Quarterly Investor Call Details

Blackstone will host a conference call on July 17, 2014 at 11:00 a.m. ET to discuss second quarter 2014 results. The conference call can be accessed via the Investors section of Blackstone’s website at 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 or by dialing +1 (888) 286-8010 (U.S. domestic) or +1 (617) 801-6888 (international), pass code 770 488 76#.

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. 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," "indicator," "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. 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

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

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

Blackstone's Second Quarter 2014 Earnings

July 17, 2014

“Blackstone’s singular focus on fund investment returns ultimately drives outperformance for our unitholders. Record results across the Blackstone platform continue to demonstrate that.”

*Stephen A. Schwarzman
Chairman and Founder*

Blackstone's Second Quarter 2014 Highlights

- ▶ Blackstone had its best second quarter and first half of the year on strong performance across all of its funds, driving record financial returns and asset levels.
- ▶ Economic Net Income (“ENI”) was \$1.3 billion (\$1.15/unit) for the quarter, up 89% from last year, as Blackstone’s funds created \$9.3 billion of value in the second quarter alone.
 - BCP V crossed the preferred return threshold and generated \$509 million in Performance Fees during the second quarter with \$5.8 billion of realizations year-to-date.
- ▶ Distributable Earnings (“DE”) more than doubled in the quarter year-over-year on a record level of realizations, bringing the year-to-date total to \$1.3 billion (\$1.06/unit).
- ▶ GAAP Net Income was \$517 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 a record \$279 billion, up 21% year-over-year despite returning \$50.0 billion of capital to investors over the last twelve months (“LTM”).
 - Gross inflows were \$14.5 billion for the quarter and \$62.4 billion LTM on record organic inflows.
 - Blackstone’s unmatched portfolio of funds and assets created \$37.0 billion of value LTM.
- ▶ Across Blackstone’s diverse platform, \$20.3 billion of capital was invested LTM, up 31%; investments outside North America reached 44%, reflecting unique access to global fund mandates and platforms.

Blackstone's Second Quarter 2014 Earnings

(Dollars in Thousands, Except per Unit Data)	2Q'13	2Q'14	% Change vs. 2Q'13	YTD'13	YTD'14	% Change vs. YTD'13
Fee Revenues	\$ 616,515	\$ 662,550	7%	\$ 1,137,398	\$ 1,275,888	12%
Performance Fees	719,219	1,398,438	94%	1,323,218	2,177,452	65%
Investment Income	97,119	175,971	81%	231,890	292,438	26%
Total Revenues	\$ 1,432,853	\$ 2,236,959	56%	\$ 2,692,506	\$ 3,745,778	39%
Total Expenses	713,461	885,964	24%	1,334,777	1,569,537	18%
Taxes	16,152	25,032	55%	26,183	36,344	39%
Economic Net Income ("ENI")	\$ 703,240	\$ 1,325,963	89%	\$ 1,331,546	\$ 2,139,897	61%
<i>ENI per Unit</i>	<i>\$ 0.62</i>	<i>\$ 1.15</i>	<i>85%</i>	<i>\$ 1.17</i>	<i>\$ 1.85</i>	<i>58%</i>
GAAP Net Income	\$ 211,148	\$ 517,016	145%	\$ 378,783	\$ 782,633	107%
Fee Related Earnings ("FRE")	\$ 168,434	\$ 201,108	19%	\$ 306,167	\$ 375,937	23%
Distributable Earnings ("DE")	\$ 338,485	\$ 770,797	128%	\$ 729,397	\$ 1,255,909	72%
<i>DE per Common Unit</i>	<i>\$ 0.28</i>	<i>\$ 0.65</i>	<i>132%</i>	<i>\$ 0.62</i>	<i>\$ 1.06</i>	<i>71%</i>
Total Assets Under Management	229,571,741	278,917,713	21%	229,571,741	278,917,713	21%
Fee-Earning Assets Under Management	176,338,947	209,913,760	19%	176,338,947	209,913,760	19%

Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

	2Q'14		YTD'14	
	Results	Per Unit	Results	Per Unit
▶ Base Management Fees	\$ 496,570		\$ 973,448	
▶ Advisory Fees	114,914		184,877	
▶ Transaction and Other Fees, Net	49,196		109,106	
▶ Management Fee Offsets	(20,218)		(36,862)	
▶ Interest Income and Other Revenue	28,772		59,813	
▶ Compensation	(323,015)		(629,560)	
▶ Other Operating Expenses	(145,111)		(284,885)	
Fee Related Earnings	\$ 201,108	\$ 0.18	\$ 375,937	\$ 0.33
▶ Net Realized Incentive Fees	20,782		50,984	
▶ Net Realized Carried Interest	381,358		565,583	
▶ Net Realized Investment Income	201,140		311,713	
▶ Taxes and Related Payables	(44,841)		(75,895)	
▶ Equity-Based Compensation	11,250		27,587	
Distributable Earnings	\$ 770,797	\$ 0.65	\$ 1,255,909	\$ 1.06
▶ Net Unrealized Incentive Fees	32,084		69,819	
▶ Net Unrealized Carried Interest	546,376		835,974	
▶ Net Unrealized Investment Loss	(31,853)		(33,769)	
▶ Add Back: Related Payables	19,809		39,551	
▶ Less: Equity-Based Compensation	(11,250)		(27,587)	
Economic Net Income	\$ 1,325,963	\$ 1.15	\$ 2,139,897	\$ 1.85

Fee Earnings

Distributable Earnings

Economic Net Income

See page 30, 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 19, Total Segments. 2Q'14 Fee Related Earnings per Unit is based on 1,141,345,729 DE Units Outstanding; DE per Unit is based on 603,270,771 Total Common Units Outstanding; and ENI per Unit is based on 1,154,055,961 Weighted-Average ENI Adjusted Units (see page 31, Unit Rollforward).

Private Equity

- ▶ Blackstone's portfolio company operating approach drove results to record levels and segment appreciation outperformed the broader equity markets with 8.4% appreciation during the quarter and 28.3% LTM.
- ▶ Total Revenues up 164% to \$939 million for the quarter and Economic Income up 278% to \$648 million.
- ▶ BCP V appreciated 10.5% during the quarter and crossed the preferred return hurdle.
 - Net Accrued Performance Fees for BCP V reached \$558 million; up 296% from the prior quarter.
- ▶ Realization activity remains robust with \$4.2 billion of proceeds on ten transactions during the quarter and \$14.8 billion on 42 transactions LTM.
- ▶ Continued strong investment activity with \$2.2 billion of total capital invested during the quarter and \$6.3 billion LTM as Private Equity continues to utilize its global platform to find value.
- ▶ Strategic Partners' sixth secondary fund of funds has closed on \$3.2 billion of total capital with a \$4.4 billion target as the business continues to leverage synergies across the Blackstone platform in its first year.

(Dollars in Thousands)	2Q'13	2Q'14	% Change vs. 2Q'13	YTD'13	YTD'14	% Change vs. YTD'13
Fee Revenues	\$ 126,636	\$ 131,804	4%	\$ 240,263	\$ 277,614	16%
Performance Fees	186,825	714,604	282%	242,763	1,001,474	313%
Investment Income	42,674	92,474	117%	98,547	143,976	46%
Total Revenues	356,135	938,882	164%	581,573	1,423,064	145%
Compensation	63,747	73,038	15%	123,950	146,345	18%
Performance Fee Compensation	88,988	178,914	101%	121,853	237,537	95%
Other Operating Expenses	32,178	39,193	22%	61,346	72,199	18%
Total Expenses	184,913	291,145	57%	307,149	456,081	48%
Economic Income	\$ 171,222	\$ 647,737	278%	\$ 274,424	\$ 966,983	252%
Total AUM	\$ 53,287,294	\$ 68,294,162	28%	\$ 53,287,294	\$ 68,294,162	28%
Fee-Earning AUM	\$ 36,635,224	\$ 42,888,756	17%	\$ 36,635,224	\$ 42,888,756	17%

8.4%

2Q'14 increase in fund carrying value

\$212 million

2Q'14 Realized Performance Fees

\$1.12 per unit

2Q'14 Net Accrued Performance Fees

Real Estate

- ▶ Economic Income rose 32% to \$489 million in the second quarter, reflecting strong global Real Estate fundamentals, including improving rents and occupancy across Blackstone's diversified real estate portfolio.
- ▶ Opportunistic Real Estate funds' carrying value appreciated 6.0% for the quarter and 28.3% LTM.
- ▶ Record realization quarter, with \$6.7 billion of proceeds, driven by partial realizations in Hilton and Brixmor.
 - Net Accrued Performance Fees up 10% from prior quarter to \$2.7 billion despite significant realizations.
 - 70% of unrealized gains are in public equities and liquidating office portfolios.
- ▶ Raised \$2.0 billion of capital during the quarter including \$1.0 billion for the Asia fund, \$226 million for Core+ and \$858 million in debt strategies.
- ▶ Invested \$3.1 billion of total capital during the quarter, and \$11.6 billion LTM.
 - An additional \$2.5 billion was committed not yet deployed at the end of the quarter which included several scale investments that Blackstone was uniquely positioned to execute.
- ▶ Blackstone's commercial mortgage REIT, BXMT, finished the quarter with a \$1.4 billion market capitalization, up from \$80 million at the time of its May 2013 re-IPO.

(Dollars in Thousands)	2Q'13	2Q'14	% Change vs. 2Q'13	YTD'13	YTD'14	% Change vs. YTD'13
Fee Revenues	\$ 153,823	\$ 171,472	11%	\$ 298,188	\$ 341,575	15%
Performance Fees	402,276	539,874	34%	756,617	877,480	16%
Investment Income	49,213	72,227	47%	119,050	108,963	(8)%
Total Revenues	605,312	783,573	29%	1,173,855	1,328,018	13%
Compensation	73,792	85,582	16%	143,251	165,815	16%
Performance Fee Compensation	133,013	172,079	29%	250,691	282,263	13%
Other Operating Expenses	27,617	36,542	32%	56,079	69,649	24%
Total Expenses	234,422	294,203	26%	450,021	517,727	15%
Economic Income	\$ 370,890	\$ 489,370	32%	\$ 723,834	\$ 810,291	12%
Total AUM	\$ 63,919,906	\$ 80,410,988	26%	\$ 63,919,906	\$ 80,410,988	26%
Fee-Earning AUM	\$ 43,635,493	\$ 52,823,975	21%	\$ 43,635,493	\$ 52,823,975	21%

6.0%

2Q'14 increase in fund carrying value

\$424 million

2Q'14 Realized Performance Fees

\$2.33 per unit

2Q'14 Net Accrued Performance Fees

Hedge Fund Solutions

- ▶ Total Revenues of \$166 million for the quarter, up 20% year-over-year, driven by an increase in Fee-Earning AUM on organic inflows and fund appreciation.
- ▶ BAAM's Principal Solutions Composite was up gross 2.0% for the quarter and 10.6% LTM.
- ▶ Fee-Earning AUM grew by \$10.5 billion, or 22% year-over-year, to \$58.1 billion; July 1 subscriptions of \$873 million are not yet 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 \$2.3 billion.
 - BAAM launched its second alternative investment-focused 1940 Act mutual fund for the retail market (Blackstone Alternative Multi-Strategy Fund) on June 17, raising \$300 million of capital in the second quarter.
 - BAAM now manages \$1.5 billion of capital in its 1940 Act mutual funds.

(Dollars in Thousands)	2Q'13	2Q'14	% Change vs. 2Q'13	YTD'13	YTD'14	% Change vs. YTD'13
Fee Revenues	\$ 101,084	\$ 123,740	22%	\$ 194,856	\$ 238,545	22%
Performance Fees	34,834	38,529	11%	104,044	96,459	(7)%
Investment Income	1,614	3,451	114%	6,379	24,702	287%
Total Revenues	137,532	165,720	20%	305,279	359,706	18%
Compensation	36,844	43,341	18%	70,712	83,912	19%
Performance Fee Compensation	12,782	14,170	11%	37,640	34,202	(9)%
Other Operating Expenses	16,535	25,101	52%	31,694	44,581	41%
Total Expenses	66,161	82,612	25%	140,046	162,695	16%
Economic Income	\$ 71,371	\$ 83,108	16%	\$ 165,233	\$ 197,011	19%
Total AUM	\$ 50,128,028	\$ 60,672,759	21%	\$ 50,128,028	\$ 60,672,759	21%
Fee-Earning AUM	\$ 47,572,465	\$ 58,084,020	22%	\$ 47,572,465	\$ 58,084,020	22%

2.0%

2Q'14 Gross Composite Return

\$31.3 billion

Incentive Fee Eligible AUM at 2Q'14

\$3.4 billion

2Q'14 Fee-Earning Gross Inflows

BAAM's Principal Solutions Composite does not include BAAM's long-only equity, long-biased commodities, seed, strategic opportunities (external investments) and advisory platforms. On a net of fees basis, the BAAM Principal Solutions Composite was up 1.8% for the quarter and 9.3% LTM.

Credit

- ▶ Strong performance across GSO's diversified platform generated Economic Income of \$104 million in the quarter, up 27% year-over-year.
- ▶ Fee-Earning AUM grew 16% LTM to \$56.1 billion due to robust net inflows across the platform and several new fund launches despite a heavy pace of capital returned to investors in the drawdown funds and CLOs.
 - Launched three CLOs during the quarter (two U.S. and one European), raising \$1.9 billion in Fee-Earning AUM.
- ▶ Invested \$374 million of total capital during the quarter, bringing total capital invested to \$1.7 billion LTM, of which nearly half was invested in Europe, where GSO is well positioned to capitalize on investment opportunities.

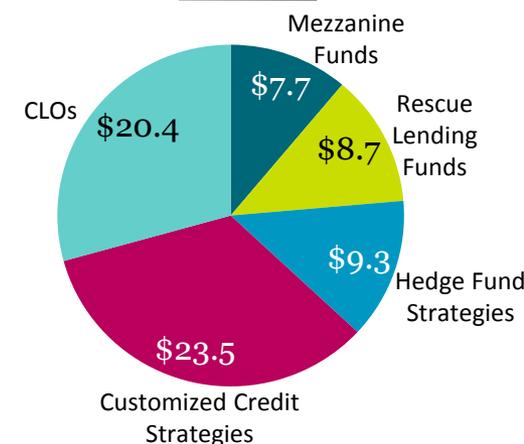
Investment Performance

	Gross Returns	
	2Q'14	2Q'14 LTM
Hedge Fund Strategies	2.1%	16.9%
Mezzanine Funds	3.9%	16.3%
Rescue Lending Funds	5.3%	31.3%

(Dollars in Thousands)	2Q'13	2Q'14	% Change vs. 2Q'13	YTD'13	YTD'14	% Change vs. YTD'13
Fee Revenues	\$ 112,391	\$ 117,717	5%	\$ 212,932	\$ 227,985	7%
Performance Fees	95,284	105,431	11%	219,794	202,039	(8)%
Investment Income	5,282	6,744	28%	9,703	12,894	33%
Total Revenues	212,957	229,892	8%	442,429	442,918	0%
Compensation	55,941	51,310	(8)%	101,462	102,062	1%
Performance Fee Compensation	52,049	52,675	1%	116,543	101,090	(13)%
Other Operating Expenses	22,961	22,159	(3)%	43,923	54,998	25%
Total Expenses	130,951	126,144	(4)%	261,928	258,150	(1)%
Economic Income	\$ 82,006	\$ 103,748	27%	\$ 180,501	\$ 184,768	2%
Total AUM	\$ 62,236,513	\$ 69,539,804	12%	\$ 62,236,513	\$ 69,539,804	12%
Fee-Earning AUM	\$ 48,495,765	\$ 56,117,009	16%	\$ 48,495,765	\$ 56,117,009	16%

\$69.5 billion

2Q'14 Total AUM



Investment Performance represents weighted-average performance of the assets of the respective flagship funds within each strategy as of June 30, 2014. Hedge Fund Strategies net returns were 1.4% for 2Q'14 and 12.4% for 2Q'14 LTM, Mezzanine Funds net returns were 2.8% for 2Q'14 and 11.0% for 2Q'14 LTM and Rescue Lending Funds net returns were 4.7% for 2Q'14 and 24.8% for 2Q'14 LTM. Customized Credit Strategies includes business development companies ("BDCs"), closed-end funds, commingled funds, the exchange traded fund and separately managed accounts.

Financial Advisory

- ▶ Blackstone Advisory Partners year-to-date revenues increased 41% compared to the prior year on increased merger and acquisition activity as a number of deals closed in the second quarter throughout a diversified group of industries (financial institutions, energy, industrials and technology) and geographies.
- ▶ Blackstone Capital Markets was up substantially year-over-year on increased underwritings and contributed meaningfully to the growth in profitability of the Financial Advisory segment.
- ▶ Restructuring revenues decreased compared to the prior year quarter, which was the strongest quarter of 2013, reflecting fewer deal closings, although the pipeline remains steady across a diverse group of industries.
- ▶ Park Hill's quarterly and year-to-date revenues were up significantly and the pipeline remains strong due to demand for alternative asset placement services.

(Dollars in Thousands)	2Q'13	2Q'14	% Change vs. 2Q'13	YTD'13	YTD'14	% Change vs. YTD'13
Fee Revenues	122,581	117,817	(4)%	191,159	190,169	(1)%
Investment Income (Loss)	(1,664)	1,075	n/m	(1,789)	1,903	n/m
Total Revenues	120,917	118,892	(2)%	189,370	192,072	1%
Compensation	76,153	69,744	(8)%	134,079	131,426	(2)%
Other Operating Expenses	20,861	22,116	6%	41,554	43,458	5%
Total Expenses	97,014	91,860	(5)%	175,633	174,884	(0)%
Economic Income	\$ 23,903	\$ 27,032	13%	\$ 13,737	\$ 17,188	25%

Fee-Earning Assets Under Management

2Q'14 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'14	\$ 41,151	\$ 53,491	\$ 55,571	\$ 53,387	\$ 203,600
Inflows	3,459	2,387	3,442	5,309	14,597
Outflows	(602)	(68)	(1,991)	(831)	(3,491)
Realizations	(1,384)	(2,971)	(9)	(2,086)	(6,449)
Net Inflows (Outflows)	1,474	(652)	1,443	2,391	4,656
Market Activity	264	(15)	1,070	339	1,658
2Q'14	\$ 42,889	\$ 52,824	\$ 58,084	\$ 56,117	\$ 209,914
QoQ Increase (Decrease)	4%	(1)%	5%	5%	3%

LTM Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'13	\$ 36,635	\$ 43,635	\$ 47,572	\$ 48,496	\$ 176,339
Inflows	12,451	15,962	10,986	15,983	55,382
Outflows	(1,337)	(1,376)	(4,842)	(2,933)	(10,489)
Realizations	(5,318)	(5,530)	(475)	(7,540)	(18,862)
Net Inflows	5,797	9,056	5,669	5,510	26,031
Market Activity	457	133	4,843	2,112	7,544
2Q'14	\$ 42,889	\$ 52,824	\$ 58,084	\$ 56,117	\$ 209,914
YoY Increase	17%	21%	22%	16%	19%

Private Equity

- Inflows:** Strategic Partners VI investment period commencement with \$3.1 billion of third party capital.
- Realizations:** Primarily BCP V, including two strategic sales and four partial public market dispositions (Hilton, PBF, SeaWorld and Nielsen).

Real Estate

- Inflows:** Asia fund \$1.0 billion; Core Plus \$226 million; BREDS capital raised and/or invested \$1.0 billion.
- Realizations:** Primarily from the partial sale of public market holdings (Hilton and Brixmor).

Hedge Fund Solutions

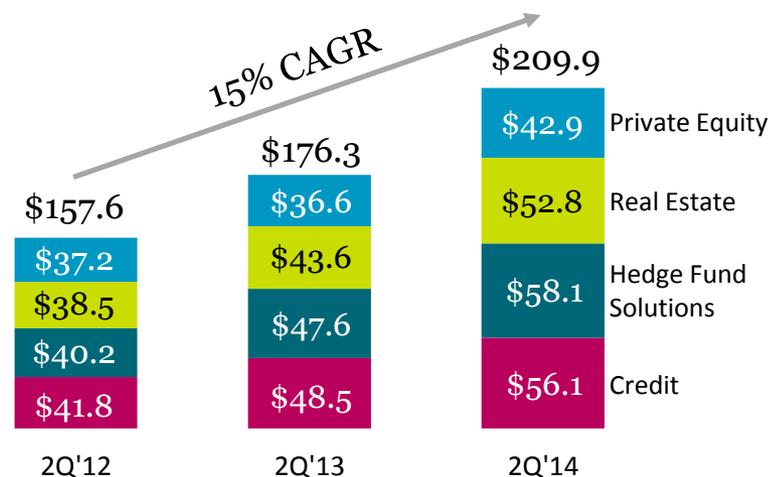
- Inflows:** \$1.3 billion in specialized solutions; \$1.1 billion in customized solutions; \$561 million in commingled products; \$464 in individual investor solutions.
- Outflows:** \$2.0 billion of redemptions reflecting seasonally higher activity in the commingled funds.

Credit

- Inflows:** \$787 million in Hedge Fund Strategies; \$1.9 billion in three new CLO launches; \$1.4 billion in BDCs.
- Realizations / Outflows:** \$1.7 billion returned to CLO investors; \$340 million returned across Mezzanine and Rescue Lending funds.

Fee-Earning AUM by Segment

(Dollars in Billions)



Inflows include contributions, capital raised, other increases in available capital, purchases and acquisitions. Outflows represent redemptions, client withdrawals and other decreases in available capital. Realizations represent realizations from the disposition of assets. Market Activity represents gains (losses) on portfolio investments and impact of foreign exchange rate fluctuations.

Total Assets Under Management

2Q'14 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'14	\$ 66,143	\$ 81,334	\$ 58,263	\$ 66,006	\$ 271,746
Inflows	2,737	2,478	3,308	6,016	14,538
Outflows	(344)	(97)	(1,999)	(887)	(3,328)
Realizations	(4,166)	(6,927)	(11)	(2,277)	(13,381)
Net Inflows (Outflows)	(1,774)	(4,547)	1,298	2,852	(2,171)
Market Activity	3,925	3,624	1,113	682	9,343
2Q'14	\$ 68,294	\$ 80,411	\$ 60,673	\$ 69,540	\$ 278,918
QoQ Increase (Decrease)	3%	(1)%	4%	5%	3%

LTM Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'13	\$ 53,287	\$ 63,920	\$ 50,128	\$ 62,237	\$ 229,572
Inflows	17,755	16,549	11,073	17,002	62,378
Outflows	(756)	(1,150)	(4,983)	(3,661)	(10,551)
Realizations	(14,823)	(14,006)	(644)	(9,990)	(39,463)
Net Inflows	2,175	1,393	5,446	3,350	12,364
Market Activity	12,831	15,098	5,099	3,953	36,982
2Q'14	\$ 68,294	\$ 80,411	\$ 60,673	\$ 69,540	\$ 278,918
YoY Increase	28%	26%	21%	12%	21%

Private Equity

- ▶ **Inflows:** Strategic Partners additional capital raised of \$1.7 billion.
- ▶ **Market Activity:** Overall increase of 8.4% in carrying value, driven by public portfolio appreciation of 7.5% and private portfolio appreciation of 10.4%.

Real Estate

- ▶ **Market Activity:** Carrying value increase of 6.0% driven by improving fundamentals in the private portfolio by 6.7% or \$1.9 billion, and public portfolio appreciation of 4.8% or \$1.0 billion.

Hedge Fund Solutions

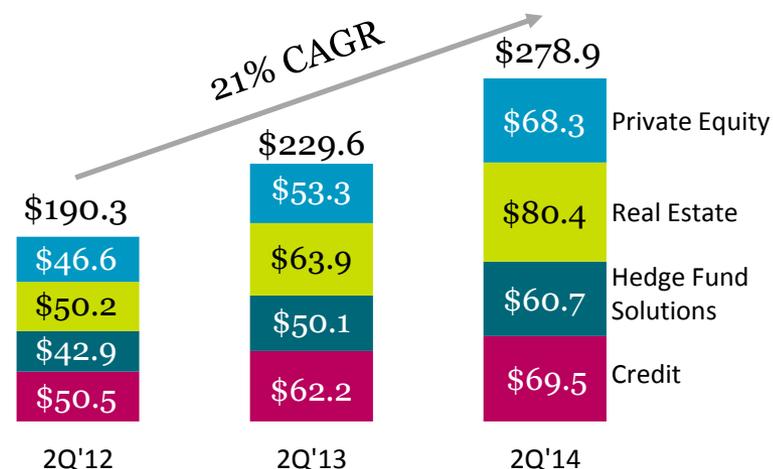
- ▶ **Inflows:** Additional close of general partner interests vehicle with \$2.3 billion in total commitments.
- ▶ **Market Activity:** BAAM's Principal Solutions Composite up 2.0% gross.

Credit

- ▶ **Market Activity:** Appreciation in value in BDCs of \$247 million; Rescue Lending Funds of \$170 million; Hedge Fund Strategies of \$206 million.

Total AUM by Segment

(Dollars in Billions)

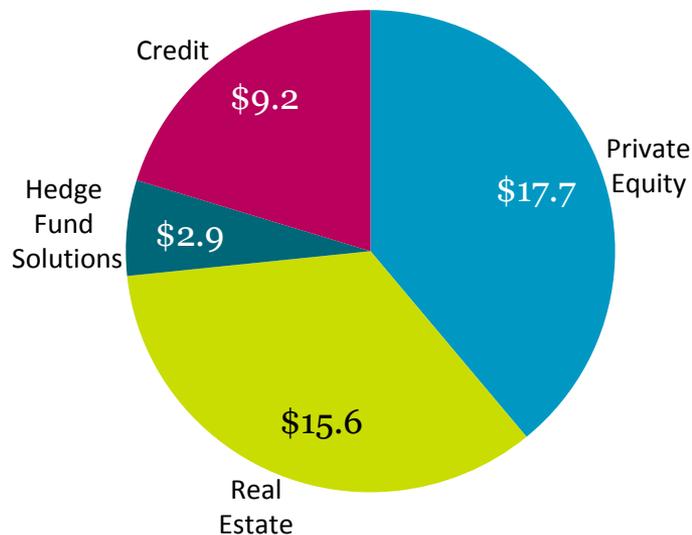


Inflows include contributions, capital raised, other increases in available capital, purchases and acquisitions. Outflows represent redemptions, client withdrawals and other decreases in available capital. Realizations represent realizations from the disposition of assets. Market Activity represents gains (losses) on portfolio investments and impact of foreign exchange rate fluctuations.

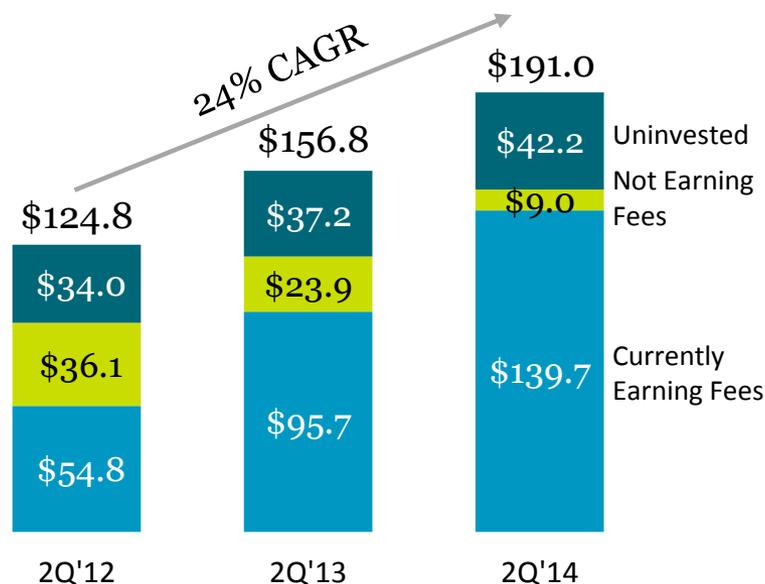
Additional Capital Detail

- ▶ Global fundraising sourced record levels of capital with \$62.4 billion of gross inflows over the last year, which largely offset the \$20.3 billion of investment activity across the firm.
- ▶ Committed undrawn capital (“Total Dry Powder”) is \$45.3 billion, up 18% from \$38.5 billion a year ago.
 - Of the \$45.3 billion, \$18.6 billion was eligible but not currently earning Management Fees.
- ▶ Blackstone manages the public industry’s largest pool of Performance Fee Eligible AUM across its integrated global platform, which reached \$191.0 billion at the end of the quarter, up 22% year-over-year.
- ▶ Strong investment performance drove a 46% increase in assets currently earning Performance Fees from last year to \$139.7 billion as all of Blackstone’s current and mature funds are generating Realized Performance Fees.

\$45 billion 2Q'14 Total Dry Powder



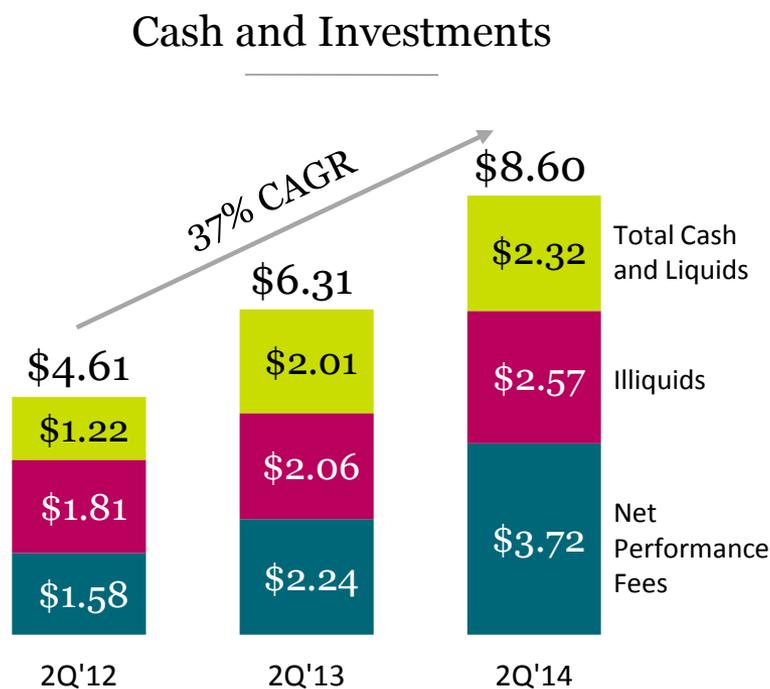
\$191 billion Performance Fee Eligible AUM



Balance Sheet Highlights

- ▶ At June 30, 2014, Blackstone had \$2.7 billion in total cash, corporate treasury and liquid investments and \$9.8 billion of total net value, or \$8.60 per DE unit, up 36% from \$6.31 a year ago.
- ▶ Long-term debt of \$2.1 billion at quarter end resulted in a Debt to Adjusted EBITDA ratio of 0.79x LTM.
- ▶ On April 7, 2014, Blackstone issued senior notes of \$500 million (5.00% coupon) maturing on June 15, 2044.
- ▶ On May 29, 2014, the maturity date of the \$1.1 billion credit revolver, which is currently undrawn, was extended to May 29, 2019.

(Dollars in Millions)	2Q'14
Cash and Cash Equivalents	\$ 1,223
Treasury Cash Management Strategies	1,286
Liquid Investments	141
Illiquid Investments	2,930
Net Accrued Performance Fees	4,241
Total Net Value	\$ 9,821
Outstanding Bonds (at par)	\$ 2,135



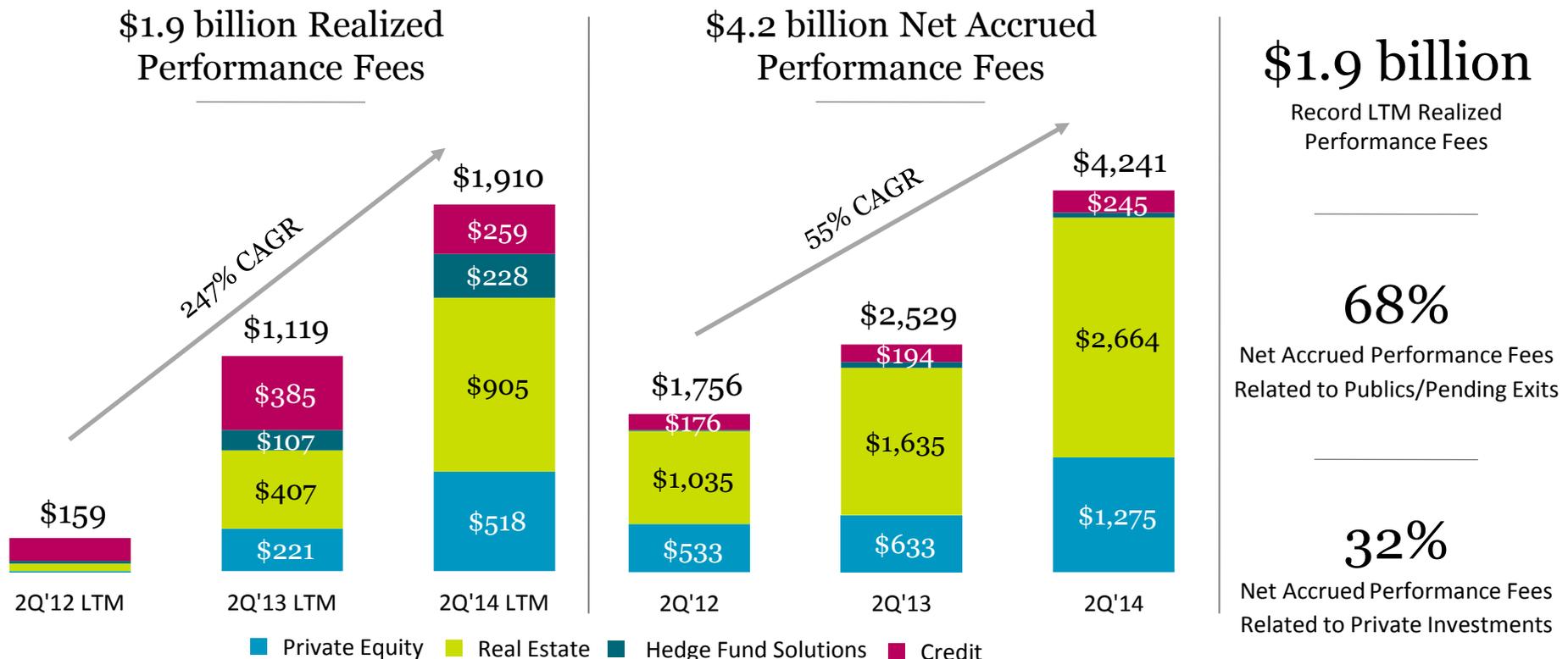
A+ / A+
rated by S&P and Fitch

\$1.1 billion
undrawn credit revolver with
May 2019 maturity

\$2.7 billion
total cash, corporate treasury
and liquid investments

Performance Fees

- ▶ Net Accrued Performance Fees reached a record \$4.2 billion, despite record LTM Realized Performance Fees of \$1.9 billion.
- ▶ With BCP V fully crossing the preferred hurdle, 100% of Blackstone's current and mature funds are in a positive net carry position inception-to-date.
- ▶ Net Accrued Performance Fees represent nearly 70% of Total Accrued Performance Fees at current values. This percentage includes pre-IPO investments in which Blackstone has a higher percentage than the post-IPO investments' targeted 45% compensation ratio. Percentages fluctuate from quarter to quarter depending on specific deal performance.



Unitholder Distribution

- ▶ Generated \$0.65 of Distributable Earnings per common unit during the quarter, up 132% year-over-year.
 - Year-to-date Distributable Earnings per common unit of \$1.06, up 71% from the prior year period.
- ▶ Declared a quarterly distribution of \$0.55 per common unit to record holders as of July 28, 2014; payable on August 4, 2014.
 - 85% payout ratio reflects the strength of the balance sheet and financial momentum of the firm.
 - Year-to-date distributions of \$0.90, up 70% from the prior year period.

(Dollars in Thousands, Except per Unit Data)	2Q'13	3Q'13	4Q'13	1Q'14	2Q'14	% Change vs. 2Q'13
Distributable Earnings ("DE")	\$ 338,485	\$ 312,673	\$ 820,629	\$ 485,112	\$ 770,797	128%
Add: Other Payables Attributable to Common Unitholders	28,498	17,694	58,103	19,856	29,884	5%
DE before Certain Payables	366,983	330,367	878,732	504,968	800,681	118%
Percent to Common Unitholders	51%	52%	52%	53%	53%	
DE before Certain Payables Attributable to Common Unitholders	187,652	170,216	455,291	265,378	423,209	126%
Less: Other Payables Attributable to Common Unitholders	(28,498)	(17,694)	(58,103)	(19,856)	(29,884)	5%
DE Attributable to Common Unitholders	159,154	152,522	397,188	245,522	393,325	147%
DE per Common Unit	\$ 0.28	\$ 0.26	\$ 0.68	\$ 0.41	\$ 0.65	132%
Less: Retained Capital per Common Unit	\$ (0.05)	\$ (0.03)	\$ (0.10)	\$ (0.06)	\$ (0.10)	100%
Actual Distribution per Common Unit	\$ 0.23	\$ 0.23	\$ 0.58	\$ 0.35	\$ 0.55	139%
Record Date					July 28, 2014	
Payable Date					August 4, 2014	

A detailed description of Blackstone's distribution policy and the definition of Distributable Earnings can be found on page 32, Definitions and Distribution Policy. 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. Per Unit calculations are based on Total Common Units Outstanding (page 31, Unit Rollforward); actual distributions are paid to applicable unitholders as of the record date. For the periods presented, Net Cash Available for Distribution per Common Unit equals the Actual Distribution per Common Unit. Retained capital is withheld pro-rata from common and Blackstone Holdings Partnership unitholders. Common unitholders' share was \$61.2 million for 2Q'14.

GAAP Statement of Operations

	2Q'13	2Q'14	% Change vs. 2Q'13	YTD'13	YTD'14	% Change vs. YTD'13
(Dollars in Thousands, Except per Unit Data) (Unaudited)						
Revenues						
Management and Advisory Fees, Net	\$ 578,723	\$ 619,523	7%	\$ 1,060,856	\$ 1,192,683	12%
Performance Fees						
Realized Carried Interest	183,288	641,659	250%	477,458	975,282	104%
Realized Incentive Fees	76,104	39,504	(48)%	99,845	83,298	(17)%
Unrealized Carried Interest	456,706	660,682	45%	634,053	991,076	56%
Unrealized Incentive Fees	938	54,639	n/m	106,736	118,872	11%
Total Performance Fees	717,036	1,396,484	95%	1,318,092	2,168,528	65%
Investment Income						
Realized	75,490	215,710	186%	117,843	368,736	213%
Unrealized	56,570	10,809	(81)%	162,800	24,309	(85)%
Total Investment Income	132,060	226,519	72%	280,643	393,045	40%
Interest and Dividend Revenue	13,814	15,340	11%	26,371	29,409	12%
Other	(1,163)	(6)	99%	981	863	(12)%
Total Revenues	1,440,470	2,257,860	57%	2,686,943	3,784,528	41%
Expenses						
Compensation and Benefits						
Compensation	478,981	500,641	5%	930,411	985,992	6%
Performance Fee Compensation						
Realized Carried Interest	75,910	260,301	243%	165,347	409,699	148%
Realized Incentive Fees	35,014	18,509	(47)%	45,522	42,144	(7)%
Unrealized Carried Interest	172,824	114,296	(34)%	268,296	155,026	(42)%
Unrealized Incentive Fees	3,084	24,692	701%	47,562	48,223	1%
Total Compensation and Benefits	765,813	918,439	20%	1,457,138	1,641,084	13%
General, Administrative and Other	117,365	136,492	16%	226,671	272,046	20%
Interest Expense	26,956	29,847	11%	54,018	54,514	1%
Fund Expenses	4,628	5,003	8%	12,036	9,988	(17)%
Total Expenses	914,762	1,089,781	19%	1,749,863	1,977,632	13%
Other Income						
Net Gains from Fund Investment Activities	40,966	138,585	238%	108,176	208,740	93%
Income Before Provision for Taxes	\$ 566,674	\$ 1,306,664	131%	\$ 1,045,256	\$ 2,015,636	93%
Provision for Taxes	56,082	83,282	49%	107,075	137,379	28%
Net Income	\$ 510,592	\$ 1,223,382	140%	\$ 938,181	\$ 1,878,257	100%
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	22,366	22,486	1%	84,682	68,278	(19)%
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	27,944	140,061	401%	18,492	184,022	895%
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	249,134	543,819	118%	456,224	843,324	85%
Net Income Attributable to The Blackstone Group L.P. ("BX")	\$ 211,148	\$ 517,016	145%	\$ 378,783	\$ 782,633	107%
Net Income per Common Unit, Basic	\$ 0.36	\$ 0.85	136%	\$ 0.65	\$ 1.30	100%
Net Income per Common Unit, Diluted	\$ 0.36	\$ 0.85	136%	\$ 0.65	\$ 1.29	98%

Appendix

Total Segments

(Dollars in Thousands)	2Q'13	3Q'13	4Q'13	1Q'14	2Q'14	YTD'13	YTD'14
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 425,674	\$ 437,294	\$ 469,092	\$ 476,878	\$ 496,570	\$ 834,421	\$ 973,448
Advisory Fees	120,734	83,602	139,158	69,963	114,914	187,754	184,877
Transaction and Other Fees, Net	66,464	42,806	59,733	59,910	49,196	104,438	109,106
Management Fee Offsets	(10,535)	(8,271)	(43,752)	(16,644)	(20,218)	(20,197)	(36,862)
Total Management and Advisory Fees, Net	602,337	555,431	624,231	590,107	640,462	1,106,416	1,230,569
Performance Fees							
Realized Carried Interest	183,288	182,654	283,846	333,623	641,659	477,458	975,282
Realized Incentive Fees	74,867	31,238	343,501	53,837	39,291	99,594	93,128
Unrealized Carried Interest	456,706	290,052	1,233,905	330,288	660,712	634,053	991,000
Unrealized Incentive Fees	4,358	40,992	(173,033)	61,266	56,776	112,113	118,042
Total Performance Fees	719,219	544,936	1,688,219	779,014	1,398,438	1,323,218	2,177,452
Investment Income (Loss)							
Realized	54,586	11,492	66,283	111,917	202,199	92,696	314,116
Unrealized	42,533	87,680	290,460	4,550	(26,228)	139,194	(21,678)
Total Investment Income	97,119	99,172	356,743	116,467	175,971	231,890	292,438
Interest Income and Dividend Revenue	15,342	21,539	19,394	22,362	22,094	30,003	44,456
Other	(1,164)	4,708	4,621	869	(6)	979	863
Total Revenues	1,432,853	1,225,786	2,693,208	1,508,819	2,236,959	2,692,506	3,745,778
Expenses							
Compensation	306,477	279,498	262,688	306,545	323,015	573,454	629,560
Performance Fee Compensation							
Realized Carried Interest	75,910	60,369	31,485	149,398	260,301	165,347	409,699
Realized Incentive Fees	35,014	14,599	140,794	23,635	18,509	45,522	42,144
Unrealized Carried Interest	172,824	82,341	616,080	40,690	114,336	268,296	155,026
Unrealized Incentive Fees	3,084	11,084	(70,297)	23,531	24,692	47,562	48,223
Total Compensation and Benefits	593,309	447,891	980,750	543,799	740,853	1,100,181	1,284,652
Other Operating Expenses	120,152	122,872	129,171	139,774	145,111	234,596	284,885
Total Expenses	713,461	570,763	1,109,921	683,573	885,964	1,334,777	1,569,537
Economic Income	\$ 719,392	\$ 655,023	\$ 1,583,287	\$ 825,246	\$ 1,350,995	\$ 1,357,729	\$ 2,176,241
Economic Net Income	\$ 703,240	\$ 640,231	\$ 1,542,098	\$ 813,934	\$ 1,325,963	\$ 1,331,546	\$ 2,139,897
Fee Related Earnings	\$ 168,434	\$ 178,596	\$ 260,706	\$ 174,829	\$ 201,108	\$ 306,167	\$ 375,937
Distributable Earnings	\$ 338,485	\$ 312,673	\$ 820,629	\$ 485,112	\$ 770,797	\$ 729,397	\$ 1,255,909
Total Assets Under Management	\$ 229,571,741	\$ 248,064,888	\$ 265,757,630	\$ 271,745,583	\$ 278,917,713	\$ 229,571,741	\$ 278,917,713
Fee-Earning Assets Under Management	\$ 176,338,947	\$ 188,649,817	\$ 197,981,739	\$ 203,599,604	\$ 209,913,760	\$ 176,338,947	\$ 209,913,760
Weighted Average Fee-Earning AUM	\$ 173,706,678	\$ 185,628,676	\$ 196,309,547	\$ 200,246,002	\$ 204,671,392	\$ 172,372,395	\$ 205,257,277
LP Capital Invested	\$ 3,634,404	\$ 3,378,067	\$ 5,382,770	\$ 4,468,527	\$ 5,426,511	\$ 5,418,867	\$ 9,895,038
Total Capital Invested	\$ 3,757,591	\$ 3,536,365	\$ 6,115,856	\$ 4,807,663	\$ 5,858,210	\$ 5,598,065	\$ 10,665,873

Private Equity

(Dollars in Thousands)	2Q'13	3Q'13	4Q'13	1Q'14	2Q'14	YTD'13	YTD'14
Revenues							
Management Fees, Net							
Base Management Fees	\$ 86,621	\$ 95,281	\$ 99,998	\$ 98,584	\$ 103,204	\$ 172,867	\$ 201,788
Transaction and Other Fees, Net	38,348	16,052	18,135	42,847	27,616	62,801	70,463
Management Fee Offsets	(1,950)	(2,080)	(1,173)	(1,713)	(4,246)	(2,430)	(5,959)
Total Management Fees, Net	123,019	109,253	116,960	139,718	126,574	233,238	266,292
Performance Fees							
Realized Carried Interest	3,899	85,121	101,081	119,805	212,394	143,791	332,199
Unrealized Carried Interest	182,926	(86,300)	385,560	167,065	502,210	98,972	669,275
Total Performance Fees	186,825	(1,179)	486,641	286,870	714,604	242,763	1,001,474
Investment Income (Loss)							
Realized	21,586	11,495	30,783	60,535	74,812	45,748	135,347
Unrealized	21,088	23,621	85,329	(9,033)	17,662	52,799	8,629
Total Investment Income	42,674	35,116	116,112	51,502	92,474	98,547	143,976
Interest Income and Dividend Revenue	3,251	5,231	4,136	5,228	4,666	6,235	9,894
Other	366	1,521	1,948	864	564	790	1,428
Total Revenues	356,135	149,942	725,797	484,182	938,882	581,573	1,423,064
Expenses							
Compensation	63,747	55,800	56,370	73,307	73,038	123,950	146,345
Performance Fee Compensation							
Realized Carried Interest	877	19,824	2,006	85,771	112,720	17,123	198,491
Unrealized Carried Interest	88,111	(36,198)	274,201	(27,148)	66,194	104,730	39,046
Total Compensation and Benefits	152,735	39,426	332,577	131,930	251,952	245,803	383,882
Other Operating Expenses	32,178	30,024	32,767	33,006	39,193	61,346	72,199
Total Expenses	184,913	69,450	365,344	164,936	291,145	307,149	456,081
Economic Income	\$ 171,222	\$ 80,492	\$ 360,453	\$ 319,246	\$ 647,737	\$ 274,424	\$ 966,983
Total Assets Under Management	\$ 53,287,294	\$ 62,619,813	\$ 65,675,031	\$ 66,142,945	\$ 68,294,162	\$ 53,287,294	\$ 68,294,162
Fee-Earning Assets Under Management	\$ 36,635,224	\$ 43,645,106	\$ 42,600,515	\$ 41,150,728	\$ 42,888,756	\$ 36,635,224	\$ 42,888,756
Weighted Average Fee-Earning AUM	\$ 36,675,636	\$ 43,886,763	\$ 43,290,792	\$ 41,815,672	\$ 43,702,379	\$ 36,865,792	\$ 44,235,482
LP Capital Invested	\$ 749,290	\$ 524,320	\$ 1,017,985	\$ 2,029,019	\$ 1,857,330	\$ 1,026,277	\$ 3,886,349
Total Capital Invested	\$ 780,339	\$ 548,173	\$ 1,330,606	\$ 2,271,273	\$ 2,159,178	\$ 1,071,350	\$ 4,430,451

Real Estate

(Dollars in Thousands)	2Q'13	3Q'13	4Q'13	1Q'14	2Q'14	YTD'13	YTD'14
Revenues							
Management Fees, Net							
Base Management Fees	\$ 137,000	\$ 136,721	\$ 153,115	\$ 159,336	\$ 157,869	\$ 275,346	\$ 317,205
Transaction and Other Fees, Net	19,013	19,205	32,317	13,564	13,514	28,153	27,078
Management Fee Offsets	(6,312)	(2,385)	(6,838)	(9,224)	(7,702)	(13,598)	(16,926)
Total Management Fees, Net	149,701	153,541	178,594	163,676	163,681	289,901	327,357
Performance Fees							
Realized Carried Interest	143,481	93,878	180,641	194,658	417,826	212,254	612,484
Realized Incentive Fees	31,102	3,737	7,931	(26)	6,070	34,194	6,044
Unrealized Carried Interest	259,972	340,406	771,246	140,237	119,461	540,048	259,698
Unrealized Incentive Fees	(32,279)	2,481	(1,355)	2,737	(3,483)	(29,879)	(746)
Total Performance Fees	402,276	440,502	958,463	337,606	539,874	756,617	877,480
Investment Income (Loss)							
Realized	18,577	928	23,320	31,357	122,664	28,111	154,021
Unrealized	30,636	57,656	201,606	5,379	(50,437)	90,939	(45,058)
Total Investment Income	49,213	58,584	224,926	36,736	72,227	119,050	108,963
Interest Income and Dividend Revenue	4,396	6,060	6,809	6,110	8,009	8,694	14,119
Other	(274)	2,113	1,678	317	(218)	(407)	99
Total Revenues	605,312	660,800	1,370,470	544,445	783,573	1,173,855	1,328,018
Expenses							
Compensation	73,792	75,346	75,625	80,233	85,582	143,251	165,815
Performance Fee Compensation							
Realized Carried Interest	55,005	38,942	29,027	51,833	143,442	80,868	195,275
Realized Incentive Fees	15,733	1,919	4,502	(16)	3,081	17,457	3,065
Unrealized Carried Interest	78,604	99,323	299,853	56,985	27,339	167,661	84,324
Unrealized Incentive Fees	(16,329)	615	(335)	1,382	(1,783)	(15,295)	(401)
Total Compensation and Benefits	206,805	216,145	408,672	190,417	257,661	393,942	448,078
Other Operating Expenses	27,617	30,614	29,698	33,107	36,542	56,079	69,649
Total Expenses	234,422	246,759	438,370	223,524	294,203	450,021	517,727
Economic Income	\$ 370,890	\$ 414,041	\$ 932,100	\$ 320,921	\$ 489,370	\$ 723,834	\$ 810,291
Total Assets Under Management	\$ 63,919,906	\$ 68,964,455	\$ 79,410,788	\$ 81,333,562	\$ 80,410,988	\$ 63,919,906	\$ 80,410,988
Fee-Earning Assets Under Management	\$ 43,635,493	\$ 44,715,985	\$ 50,792,803	\$ 53,490,834	\$ 52,823,975	\$ 43,635,493	\$ 52,823,975
Weighted Average Fee-Earning AUM	\$ 42,523,604	\$ 44,163,396	\$ 50,568,609	\$ 50,954,956	\$ 48,653,930	\$ 42,109,834	\$ 50,579,804
LP Capital Invested	\$ 2,213,668	\$ 2,365,224	\$ 3,986,610	\$ 1,692,232	\$ 3,017,193	\$ 3,389,443	\$ 4,709,425
Total Capital Invested	\$ 2,274,853	\$ 2,438,725	\$ 4,333,419	\$ 1,746,460	\$ 3,128,232	\$ 3,477,589	\$ 4,874,692

Hedge Fund Solutions

(Dollars in Thousands)	2Q'13	3Q'13	4Q'13	1Q'14	2Q'14	YTD'13	YTD'14
Revenues							
Management Fees, Net							
Base Management Fees	\$ 100,113	\$ 103,392	\$ 113,025	\$ 113,384	\$ 123,008	\$ 192,904	\$ 236,392
Transaction and Other Fees, Net	61	295	263	93	126	65	219
Management Fee Offsets	(714)	(1,200)	(1,149)	(1,455)	(1,531)	(1,038)	(2,986)
Total Management Fees, Net	99,460	102,487	112,139	112,022	121,603	191,931	233,625
Performance Fees							
Realized Incentive Fees	13,845	5,320	174,861	39,845	7,973	27,554	47,818
Unrealized Incentive Fees	20,989	29,208	(97,980)	18,085	30,556	76,490	48,641
Total Performance Fees	34,834	34,528	76,881	57,930	38,529	104,044	96,459
Investment Income (Loss)							
Realized	13,668	(598)	13,691	16,820	2,394	14,520	19,214
Unrealized	(12,054)	6,439	(7,604)	4,431	1,057	(8,141)	5,488
Total Investment Income	1,614	5,841	6,087	21,251	3,451	6,379	24,702
Interest Income and Dividend Revenue	1,878	2,523	1,988	2,661	2,340	3,094	5,001
Other	(254)	595	262	122	(203)	(169)	(81)
Total Revenues	137,532	145,974	197,357	193,986	165,720	305,279	359,706
Expenses							
Compensation	36,844	37,611	28,147	40,571	43,341	70,712	83,912
Performance Fee Compensation							
Realized Incentive Fees	5,116	1,954	53,701	13,271	2,918	10,138	16,189
Unrealized Incentive Fees	7,666	10,177	(34,823)	6,761	11,252	27,502	18,013
Total Compensation and Benefits	49,626	49,742	47,025	60,603	57,511	108,352	118,114
Other Operating Expenses	16,535	19,575	15,697	19,480	25,101	31,694	44,581
Total Expenses	66,161	69,317	62,722	80,083	82,612	140,046	162,695
Economic Income	\$ 71,371	\$ 76,657	\$ 134,635	\$ 113,903	\$ 83,108	\$ 165,233	\$ 197,011
Total Assets Under Management	\$ 50,128,028	\$ 53,162,174	\$ 55,657,463	\$ 58,262,659	\$ 60,672,759	\$ 50,128,028	\$ 60,672,759
Fee-Earning Assets Under Management	\$ 47,572,465	\$ 50,829,734	\$ 52,865,837	\$ 55,571,357	\$ 58,084,020	\$ 47,572,465	\$ 58,084,020
Weighted Average Fee-Earning AUM	\$ 46,783,727	\$ 48,933,335	\$ 51,794,518	\$ 54,715,882	\$ 56,793,206	\$ 46,091,525	\$ 55,958,185
LP Capital Invested	\$ 118,323	\$ 248,422	\$ 8,681	\$ 167,170	\$ 188,236	\$ 174,172	\$ 355,406
Total Capital Invested	\$ 125,000	\$ 262,309	\$ 8,681	\$ 202,674	\$ 196,348	\$ 184,000	\$ 399,022

Credit

(Dollars in Thousands)	2Q'13	3Q'13	4Q'13	1Q'14	2Q'14	YTD'13	YTD'14
Revenues							
Management Fees, Net							
Base Management Fees	\$ 101,940	\$ 101,900	\$ 102,954	\$ 105,574	\$ 112,489	\$ 193,304	\$ 218,063
Transaction and Other Fees, Net	9,002	7,058	8,152	3,344	7,064	13,376	10,408
Management Fee Offsets	(1,559)	(2,606)	(34,592)	(4,252)	(6,739)	(3,131)	(10,991)
Total Management Fees, Net	109,383	106,352	76,514	104,666	112,814	203,549	217,480
Performance Fees							
Realized Carried Interest	35,908	3,655	2,124	19,160	11,439	121,413	30,599
Realized Incentive Fees	29,920	22,181	160,709	14,018	25,248	37,846	39,266
Unrealized Carried Interest	13,808	35,946	77,099	22,986	39,041	(4,967)	62,027
Unrealized Incentive Fees	15,648	9,303	(73,698)	40,444	29,703	65,502	70,147
Total Performance Fees	95,284	71,085	166,234	96,608	105,431	219,794	202,039
Investment Income (Loss)							
Realized	901	496	(627)	3,071	2,223	4,229	5,294
Unrealized	4,381	(1,042)	9,519	3,079	4,521	5,474	7,600
Total Investment Income (Loss)	5,282	(546)	8,892	6,150	6,744	9,703	12,894
Interest Income and Dividend Revenue	4,071	5,288	4,240	5,861	4,892	8,618	10,753
Other	(1,063)	(357)	119	(259)	11	765	(248)
Total Revenues	212,957	181,822	255,999	213,026	229,892	442,429	442,918
Expenses							
Compensation	55,941	53,250	31,802	50,752	51,310	101,462	102,062
Performance Fee Compensation							
Realized Carried Interest	20,028	1,603	452	11,794	4,139	67,356	15,933
Realized Incentive Fees	14,165	10,726	82,591	10,380	12,510	17,927	22,890
Unrealized Carried Interest	6,109	19,216	42,026	10,853	20,803	(4,095)	31,656
Unrealized Incentive Fees	11,747	292	(35,139)	15,388	15,223	35,355	30,611
Total Compensation and Benefits	107,990	85,087	121,732	99,167	103,985	218,005	203,152
Other Operating Expenses	22,961	23,451	29,566	32,839	22,159	43,923	54,998
Total Expenses	130,951	108,538	151,298	132,006	126,144	261,928	258,150
Economic Income	\$ 82,006	\$ 73,284	\$ 104,701	\$ 81,020	\$ 103,748	\$ 180,501	\$ 184,768
Total Assets Under Management	\$ 62,236,513	\$ 63,318,446	\$ 65,014,348	\$ 66,006,417	\$ 69,539,804	\$ 62,236,513	\$ 69,539,804
Fee-Earning Assets Under Management	\$ 48,495,765	\$ 49,458,992	\$ 51,722,584	\$ 53,386,685	\$ 56,117,009	\$ 48,495,765	\$ 56,117,009
Weighted Average Fee-Earning AUM	\$ 47,723,711	\$ 48,645,182	\$ 50,655,628	\$ 52,759,492	\$ 55,521,877	\$ 47,305,244	\$ 54,483,806
LP Capital Invested	\$ 553,123	\$ 240,101	\$ 369,494	\$ 580,106	\$ 363,752	\$ 828,975	\$ 943,858
Total Capital Invested	\$ 577,399	\$ 287,158	\$ 443,150	\$ 587,256	\$ 374,452	\$ 865,126	\$ 961,708

Financial Advisory

(Dollars in Thousands)	2Q'13	3Q'13	4Q'13	1Q'14	2Q'14	YTD'13	YTD'14
Revenues							
Advisory Fees	\$ 120,734	\$ 83,602	\$ 139,158	\$ 69,963	\$ 114,914	\$ 187,754	\$ 184,877
Transaction and Other Fees, Net	40	196	866	62	876	43	938
Total Advisory and Transaction Fees	120,774	83,798	140,024	70,025	115,790	187,797	185,815
Investment Income (Loss)							
Realized	(146)	(829)	(884)	134	106	88	240
Unrealized	(1,518)	1,006	1,610	694	969	(1,877)	1,663
Total Investment Income (Loss)	(1,664)	177	726	828	1,075	(1,789)	1,903
Interest Income and Dividend Revenue	1,746	2,437	2,221	2,502	2,187	3,362	4,689
Other	61	836	614	(175)	(160)	-	(335)
Total Revenues	120,917	87,248	143,585	73,180	118,892	189,370	192,072
Expenses							
Compensation	76,153	57,491	70,744	61,682	69,744	134,079	131,426
Total Compensation and Benefits	76,153	57,491	70,744	61,682	69,744	134,079	131,426
Other Operating Expenses	20,861	19,208	21,443	21,342	22,116	41,554	43,458
Total Expenses	97,014	76,699	92,187	83,024	91,860	175,633	174,884
Economic Income (Loss)	\$ 23,903	\$ 10,549	\$ 51,398	\$ (9,844)	\$ 27,032	\$ 13,737	\$ 17,188

Net Accrued Performance Fees

- ▶ Blackstone had \$4.2 billion of accrued performance fees, net of performance fee compensation and distributed Realized Performance Fees, at the end of the second quarter.

	Net Accrued Performance Fees			
(Dollars in Millions, Except per Unit Data)	1Q'14	2Q'14	Per Unit	Change vs. 1Q'14
Private Equity				
BCP IV Carried Interest	\$ 437	\$ 383	\$ 0.34	\$ (54)
BCP V Carried Interest	141	558	0.49	417
BCP VI Carried Interest	173	233	0.20	60
BEP Carried Interest	58	81	0.07	23
Tactical Opportunities Carried Interest	10	19	0.02	9
SP V Carried Interest	1	1	0.00	-
Total Private Equity	820	1,275	1.12	455
Real Estate				
BREP IV Carried Interest	2	2	0.00	-
BREP V Carried Interest	623	618	0.54	(5)
BREP VI Carried Interest	1,284	1,389	1.22	105
BREP VII Carried Interest	358	459	0.40	101
BREP Int'l I Carried Interest	2	2	0.00	-
BREP Europe III Carried Interest	117	144	0.13	27
BREP Europe IV Carried Interest	3	10	0.01	7
BREP Asia Carried Interest	8	9	0.01	1
Core Plus Carried Interest	-	1	0.00	1
BREDS Carried Interest	15	18	0.02	3
BREDS Incentive Fees	3	3	0.00	-
Asia Platform Incentive Fees	9	9	0.01	-
Total Real Estate	2,424	2,664	2.33	240
Hedge Fund Solutions				
Incentive Fees	56	57	0.05	1
Total Hedge Fund Solutions	56	57	0.05	1
Credit				
Carried Interest	185	176	0.15	(9)
Incentive Fees	61	69	0.06	8
Total Credit	246	245	0.21	(1)
Total Blackstone				
Carried Interest	3,417	4,103	3.59	686
Incentive Fees	129	138	0.12	9
Net Accrued Performance Fees	\$ 3,546	\$ 4,241	\$ 3.72	\$ 695
<i>Memo: Net Realized Performance Fees</i>	<i>\$ 94</i>	<i>\$ 239</i>	<i>\$ 0.21</i>	<i>\$ 145</i>

\$4.2 billion

Net Accrued Performance Fees at 2Q'14

\$3.72 per unit

Net Accrued Performance Fees at 2Q'14

68% increase

in Net Accrued Performance Fees since 2Q'13

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 DE. When these fees are received, the receivable is reduced without further impacting DE. Per Unit calculations are based on 1,141,345,729 DE Units Outstanding (see page 31, Unit Rollforward).

Investment Records as of June 30, 2014^(a)

(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
Private Equity											
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	228,665	3,876,222	2.0x	61%	17,565,752	3.1x	21,441,974	2.8x	45%	37%
BCP V (Dec 2005 / Jan 2011)	21,031,850	1,770,128	19,182,132	1.7x	49%	13,722,497	1.6x	32,904,629	1.6x	8%	8%
BCP VI (Jan 2011 / Jan 2017)	15,184,161	8,624,325	8,187,578	1.4x	19%	1,462,362	1.6x	9,649,940	1.5x	44%	19%
BEP (Aug 2011 / Aug 2017)	2,422,838	1,234,987	1,826,488	2.0x	37%	631,832	1.5x	2,458,320	1.8x	45%	52%
Total Corporate Private Equity	\$ 53,736,920	\$ 12,057,403	\$ 33,319,525	1.6x	42%	\$ 50,184,728	2.1x	\$ 83,504,253	1.9x	20%	16%
Tactical Opportunities	5,415,849	3,315,432	2,403,589	1.1x	5%	171,049	1.1x	2,574,638	1.1x	12%	16%
Strategic Partners	15,450,456	5,145,840	6,436,636	1.8x	n/a	10,305,204	1.3x	16,741,840	1.5x	n/a	14%
Other Funds and Co-Invest (e)	1,201,732	28,302	680,613	0.8x	56%	20,890	1.0x	701,503	0.8x	n/m	n/m
Total Private Equity	\$ 75,804,957	\$ 20,546,977	\$ 42,840,363	1.6x	34%	\$ 60,681,871	1.9x	\$ 103,522,234	1.8x	20%	16%
Real Estate											
Dollar											
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	-	1,440,888	1.0x	22%	3,092,653	2.4x	4,533,541	1.7x	66%	14%
BREP V (Dec 2005 / Feb 2007)	5,539,418	-	7,033,344	1.9x	17%	4,207,071	2.0x	11,240,415	1.9x	21%	10%
BREP VI (Feb 2007 / Aug 2011)	11,058,605	614,439	16,870,917	2.1x	54%	6,791,824	2.2x	23,662,741	2.2x	17%	14%
BREP VII (Aug 2011 / Feb 2017)	13,440,836	4,817,292	13,274,189	1.5x	3%	1,874,236	1.6x	15,148,425	1.5x	38%	28%
Total Global Real Estate Funds	\$ 35,480,022	\$ 5,431,731	\$ 38,621,499	1.8x	29%	\$ 23,495,428	2.2x	\$ 62,116,927	1.9x	26%	17%
Euro											
BREP Int'l I (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)	1,629,748	50,821	1,400,316	1.2x	37%	392,885	1.6x	1,793,201	1.3x	10%	3%
BREP Europe III (Jun 2008 / Dec 2013)	3,204,714	496,937	3,681,634	1.5x	9%	905,868	2.5x	4,587,502	1.6x	32%	18%
BREP Europe IV (Sep 2013 / Mar 2019)	5,142,757	3,683,469	1,634,057	1.1x	-	115,159	1.2x	1,749,216	1.1x	104%	15%
Total Euro Real Estate Funds	€ 10,801,391	€ 4,231,227	€ 6,836,667	1.3x	12%	€ 2,652,392	2.1x	€ 9,489,059	1.4x	24%	11%
BREP Co-Investment (f)	\$ 5,160,385	\$ -	\$ 8,049,438	1.9x	70%	\$ 2,052,222	2.0x	\$ 10,101,660	2.0x	14%	17%
BREP Asia (Jun 2013 / Dec 2017)	4,456,988	3,682,829	972,723	1.2x	-	4,400	1.0x	977,123	1.2x	n/a	20%
Total Real Estate	\$ 59,231,111	\$ 14,872,413	\$ 56,839,535	1.7x	31%	\$ 29,057,652	2.2x	\$ 85,897,187	1.8x	25%	17%
Core Plus	\$ 1,407,622	\$ 233,500	\$ 1,207,991	1.0x	-	\$ -	n/a	\$ 1,207,991	1.0x	n/a	n/a
BREDS (g)	\$ 6,760,361	\$ 2,492,341	\$ 3,148,411	1.2x	-	\$ 2,828,717	1.3x	\$ 5,977,128	1.2x	15%	12%
Credit (h)											
Mezzanine I (Jul 2007 / Jul 2012)	\$ 2,000,000	\$ 139,685	\$ 1,155,248	1.5x	-	\$ 3,606,207	1.6x	\$ 4,761,455	1.6x	n/a	18%
Mezzanine II (Nov 2011 / Nov 2016)	4,120,000	2,566,976	1,960,785	1.2x	-	823,420	1.4x	2,784,205	1.3x	n/a	23%
Rescue Lending I (Sep 2009 / May 2013)	3,253,143	492,815	3,527,372	1.5x	-	2,417,157	1.4x	5,944,529	1.5x	n/a	17%
Rescue Lending II (Jun 2013 / Jun 2018)	5,125,000	4,372,715	832,983	1.1x	-	3,795	1.0x	836,778	1.1x	n/a	n/m
Total Credit	\$ 14,498,143	\$ 7,572,191	\$ 7,476,388	1.4x	-	\$ 6,850,579	1.5x	\$ 14,326,967	1.5x		

Notes on next page.

Investment Records as of June 30, 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 June 30, 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, 1.6x, 1.7x and 1.1x, respectively. Funds presented represent the flagship credit drawdown funds only.

Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	2Q'13	3Q'13	4Q'13	1Q'14	2Q'14	YTD'13	YTD'14
Net Income Attributable to The Blackstone Group L.P.	\$ 211,148	\$ 171,164	\$ 621,255	\$ 265,617	\$ 517,016	\$ 378,783	\$ 782,633
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	249,134	208,332	675,289	299,505	543,819	456,224	843,324
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	27,944	30,231	149,834	43,961	140,061	18,492	184,022
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	22,366	51,188	47,445	45,792	22,486	84,682	68,278
Net Income	\$ 510,592	\$ 460,915	\$ 1,493,823	\$ 654,875	\$ 1,223,382	\$ 938,181	\$ 1,878,257
Provision for Taxes	56,082	57,477	91,090	54,097	83,282	107,075	137,379
Income Before Provision for Taxes	\$ 566,674	\$ 518,392	\$ 1,584,913	\$ 708,972	\$ 1,306,664	\$ 1,045,256	\$ 2,015,636
IPO and Acquisition-Related Charges ^(a)	178,706	190,525	166,514	177,024	178,568	365,668	355,592
Amortization of Intangibles ^(b)	24,322	27,525	29,139	29,003	28,310	49,979	57,313
(Income) Associated with Non-Controlling Interests of Consolidated Entities ^(c)	(50,310)	(81,419)	(197,279)	(89,753)	(162,547)	(103,174)	(252,300)
Economic Income	\$ 719,392	\$ 655,023	\$ 1,583,287	\$ 825,246	\$ 1,350,995	\$ 1,357,729	\$ 2,176,241
Taxes ^(d)	(16,152)	(14,792)	(41,189)	(11,312)	(25,032)	(26,183)	(36,344)
Economic Net Income	\$ 703,240	\$ 640,231	\$ 1,542,098	\$ 813,934	\$ 1,325,963	\$ 1,331,546	\$ 2,139,897
Taxes ^(d)	16,152	14,792	41,189	11,312	25,032	26,183	36,344
Performance Fee Adjustment ^(e)	(719,219)	(544,936)	(1,688,219)	(779,014)	(1,398,438)	(1,323,218)	(2,177,452)
Investment (Income) Adjustment ^(f)	(97,119)	(99,172)	(356,743)	(116,467)	(175,971)	(231,890)	(292,438)
Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies ^(g)	(21,452)	(712)	4,319	7,810	6,684	(23,181)	14,494
Performance Fee Compensation and Benefits Adjustment ^(h)	286,832	168,393	718,062	237,254	417,838	526,727	655,092
Fee Related Earnings	\$ 168,434	\$ 178,596	\$ 260,706	\$ 174,829	\$ 201,108	\$ 306,167	\$ 375,937
Realized Performance Fees ⁽ⁱ⁾	147,231	138,924	455,068	214,427	402,140	366,183	616,567
Realized Investment Income ^(j)	54,586	11,492	66,283	111,917	202,199	92,696	314,116
Adjustment Related to Realized Investment (Income) Loss - Blackstone's Treasury Cash Management Strategies ^(k)	1,469	6,672	8,873	(1,344)	(1,059)	(2,351)	(2,403)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(l)	(44,220)	(31,756)	(68,610)	(31,054)	(44,841)	(56,368)	(75,895)
Equity-Based Compensation ^(m)	10,985	8,745	98,309	16,337	11,250	23,070	27,587
Distributable Earnings	\$ 338,485	\$ 312,673	\$ 820,629	\$ 485,112	\$ 770,797	\$ 729,397	\$ 1,255,909
Interest Expense	25,960	25,268	26,607	30,398	34,082	52,029	64,480
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(l)	44,220	31,756	68,610	31,054	44,841	56,368	75,895
Depreciation and Amortization	9,116	8,956	8,726	10,373	7,170	17,759	17,543
Adjusted EBITDA	\$ 417,781	\$ 378,653	\$ 924,572	\$ 556,937	\$ 856,890	\$ 855,553	\$ 1,413,827

Reconciliation of GAAP to Non-GAAP Measures – Notes

Note: See page 32, 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)	2Q'14	YTD'14
Interest Income and Dividend Revenue	\$ 22,094	\$ 44,456
Other Revenue	(6)	863
Investment Income - Blackstone's Treasury Cash Management Strategies ^(a)	6,684	14,494
Interest Income and Other Revenue	\$ 28,772	\$ 59,813
Realized Incentive Fees	39,291	93,128
Less: Realized Incentive Fee Compensation	(18,509)	(42,144)
Net Realized Incentive Fees	\$ 20,782	\$ 50,984
Realized Carried Interest	641,659	975,282
Less: Realized Carried Interest Compensation	(260,301)	(409,699)
Net Realized Carried Interest	\$ 381,358	\$ 565,583
Realized Investment Income	202,199	314,116
Adjustment Related to Realized Investment (Income) Loss - Blackstone's Treasury Cash Management Strategies ^(a)	(1,059)	(2,403)
Net Realized Investment Income	\$ 201,140	\$ 311,713
Equity-Based Compensation^(b)	\$ 11,250	\$ 27,587
Taxes and Related Payables^(a)	\$ (44,841)	\$ (75,895)
Unrealized Incentive Fees	56,776	118,042
Less: Unrealized Incentive Fee Compensation	(24,692)	(48,223)
Net Unrealized Incentive Fees	\$ 32,084	\$ 69,819
Unrealized Carried Interest	660,712	991,000
Less: Unrealized Carried Interest Compensation	(114,336)	(155,026)
Net Unrealized Carried Interest	\$ 546,376	\$ 835,974
Unrealized Investment Loss	(26,228)	(21,678)
Less: Investment Income - Blackstone's Treasury Cash Management Strategies ^(a)	(6,684)	(14,494)
Less: Adjustment Related to Realized Investment (Income) Loss - Blackstone's Treasury Cash Management Strategies ^(a)	1,059	2,403
Net Unrealized Investment Loss	\$ (31,853)	\$ (33,769)
Related Payables^(c)	\$ 19,809	\$ 39,551

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

(a) See pages 28-29, 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

	2Q'13	3Q'13	4Q'13	1Q'14	2Q'14
Total GAAP Weighted-Average Common Units Outstanding - Basic	583,843,094	589,643,844	592,129,570	601,527,299	606,690,740
<i>Adjustments:</i>					
Weighted-Average Unvested Deferred Restricted Common Units	2,919,959	3,276,951	4,536,624	4,141,865	3,207,089
Total GAAP Weighted-Average Common Units Outstanding - Diluted	586,763,053	592,920,795	596,666,194	605,669,164	609,897,829
<i>Adjustments:</i>					
Weighted-Average Blackstone Holdings Partnership Units	555,224,714	551,916,623	549,773,866	549,327,240	544,158,132
Weighted-Average Economic Net Income Adjusted Units	1,141,987,767	1,144,837,418	1,146,440,060	1,154,996,404	1,154,055,961
Economic Net Income Adjusted Units, End of Period	1,142,576,555	1,145,675,305	1,150,867,868	1,154,889,678	1,154,840,023
Total Common Units Outstanding	576,466,264	584,860,157	588,165,949	599,372,943	603,270,771
<i>Adjustments:</i>					
Blackstone Holdings Partnership Units	550,902,208	550,274,903	547,021,277	541,129,472	538,074,958
Distributable Earnings Units Outstanding	1,127,368,472	1,135,135,060	1,135,187,226	1,140,502,415	1,141,345,729

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. Distributable Earnings Units Outstanding 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. The amount to be distributed could also be adjusted upward in any one quarter, taking into account both the extent of realized investment gains and returns of capital from investments and acquisitions, and the amounts determined by Blackstone’s general partner to be necessary or appropriate as described in the preceding sentence.

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," "indicator," "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. 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.