



## **Blackstone Reports Second Quarter Results**

**New York, July 16, 2015:** Blackstone (NYSE:BX) today reported its second quarter 2015 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “We produced solid results for our investors in the second quarter with strong realization activity despite challenging market conditions. While the weak global equity markets adversely impacted some of our holdings, underlying portfolio company fundamentals are trending significantly better than the overall economy and point towards a fertile field for future value growth and realizations. At the same time we reported \$94 billion in gross capital inflows over the past twelve months, a record for the firm and our industry, propelling our Total Assets Under Management to another record of \$333 billion, up 19% year-over-year.”

Blackstone issued a full detailed presentation of its second quarter 2015 results, which can be viewed at [www.Blackstone.com](http://www.Blackstone.com).

### **Distribution**

Blackstone has declared a quarterly distribution of \$0.74 per common unit to record holders of common units at the close of business on July 27, 2015. This distribution will be paid on August 3, 2015.

### **Quarterly Investor Call Details**

Blackstone will host a conference call on July 16, 2015 at 11:00 a.m. ET to discuss second quarter 2015 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 569 325 10#.

### **About Blackstone**

Blackstone is one of the world’s leading investment firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, and the communities in which we work. We do this by using extraordinary people and flexible capital to help companies solve problems. Our asset management businesses, with over \$330 billion in assets under management, include investment vehicles focused on

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private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. 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](https://twitter.com/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, 2014, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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

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# Blackstone's Second Quarter 2015 Earnings

July 16, 2015

## Blackstone's Second Quarter 2015 Highlights

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- ▶ Economic Net Income (“ENI”) was \$508 million (\$0.43/unit) in the second quarter, and \$2.1 billion (\$1.80/unit) year-to-date, on continued record organic inflows and consistently positive fund returns.
- ▶ All investing businesses had favorable investment performance in the second quarter, substantially outperforming relevant markets across asset classes.
  - Second quarter and year-to-date results, while uniformly positive, reflect lower levels of appreciation, particularly in Real Estate public holdings and the catch-up in BCP V, both of which affect comparability to the prior periods.
- ▶ Distributable Earnings (“DE”) reached a second quarter record of \$1.0 billion (\$0.88/unit), up 35% from the same period last year, on \$985 million of Realized Performance Fees, up 45% year-over-year.
  - DE was \$2.3 billion year-to-date (\$1.93/unit), up 83% from \$1.2 billion in the same period last year, on \$2.2 billion of Realized Performance Fees, up 108% year-over-year.
- ▶ GAAP Net Income was \$134 million for the quarter, net of certain non-cash IPO and transaction related expenses and net income attributable to non-controlling interests, primarily inside ownership.
- ▶ Total Assets Under Management (“AUM”) reached a record \$332.7 billion through a combination of continued strong and consistent fundraising, organic growth and above-market appreciation.
  - Gross inflows were a record \$31.3 billion in the second quarter, bringing LTM inflows to \$93.9 billion.
  - Total AUM was up 19% year-over-year, despite returning \$60.3 billion of capital to investors over the last twelve months (“LTM”) as asset growth and appreciation outpaced increased realizations.
- ▶ Significant capital deployment of \$5.0 billion in the second quarter and \$10.1 billion year-to-date achieved by leveraging a unique global platform to find opportunities, particularly in the energy sector and Europe.
- ▶ Blackstone declared a second quarter distribution of \$0.74 per common unit payable on August 3, 2015, up 35% from last year; year-to-date distributions were a record \$1.63 per common unit, up 81%.

## Blackstone's Second Quarter 2015 Earnings

| (Dollars in Thousands, Except per Unit Data) | 2Q'14               | 2Q'15               | % Change<br>vs. 2Q'14 | YTD'14              | YTD'15              | % Change<br>vs. YTD'14 |
|--|---------------------|---------------------|-----------------------|---------------------|---------------------|------------------------|
| Fee Revenues                                 | \$ 640,456          | \$ 590,757          | (8)%                  | \$ 1,231,432        | \$ 1,205,648        | (2)%                   |
| Performance Fees                             | 1,398,438           | 569,664             | (59)%                 | 2,177,452           | 2,243,400           | 3%                     |
| Investment Income                            | 175,971             | 10,774              | (94)%                 | 292,438             | 200,415             | (31)%                  |
| Interest Income and Dividend Revenue         | 22,094              | 31,026              | 40%                   | 44,456              | 61,477              | 38%                    |
| <b>Total Revenues</b>                        | <b>2,236,959</b>    | <b>1,202,221</b>    | <b>(46)%</b>          | <b>3,745,778</b>    | <b>3,710,940</b>    | <b>(1)%</b>            |
| Total Expenses                               | 885,964             | 673,194             | (24)%                 | 1,569,537           | 1,550,130           | (1)%                   |
| Taxes  | 25,032              | 20,587              | (18)%                 | 36,344              | 30,306              | (17)%                  |
| <b>Economic Net Income ("ENI")</b>           | <b>\$ 1,325,963</b> | <b>\$ 508,440</b>   | <b>(62)%</b>          | <b>\$ 2,139,897</b> | <b>\$ 2,130,504</b> | <b>(0)%</b>            |
| <i>ENI per Unit</i>                          | <i>\$ 1.15</i>      | <i>\$ 0.43</i>      | <i>(63)%</i>          | <i>\$ 1.85</i>      | <i>\$ 1.80</i>      | <i>(3)%</i>            |
| GAAP Net Income                              | \$ 517,016          | \$ 134,168          | (74)%                 | \$ 782,633          | \$ 763,616          | (2)%                   |
| Fee Related Earnings ("FRE")                 | \$ 206,412          | \$ 178,441          | (14)%                 | \$ 381,467          | \$ 359,065          | (6)%                   |
| <b>Distributable Earnings ("DE")</b>         | <b>\$ 765,172</b>   | <b>\$ 1,033,920</b> | <b>35%</b>            | <b>\$ 1,243,818</b> | <b>\$ 2,274,127</b> | <b>83%</b>             |
| <i>DE per Common Unit</i>                    | <i>\$ 0.65</i>      | <i>\$ 0.88</i>      | <i>35%</i>            | <i>\$ 1.05</i>      | <i>\$ 1.93</i>      | <i>84%</i>             |
| Total AUM                                    | \$ 278,917,713      | \$ 332,723,546      | 19%                   | \$ 278,917,713      | \$ 332,723,546      | 19%                    |
| Fee-Earning AUM                              | \$ 209,913,760      | \$ 239,342,214      | 14%                   | \$ 209,913,760      | \$ 239,342,214      | 14%                    |

## Private Equity

- ▶ Quarterly appreciation of 3.5% was driven by positive operating fundamentals despite challenging markets; up 9.4% year-to-date and 16.5% LTM, widely outpacing broader market indices.
- ▶ Realizations remained strong with \$4.0 billion during the quarter and \$13.9 billion LTM on public and strategic exits in corporate private equity funds.
  - Completed the strategic sale of Biomet, including a \$1.2 billion cash component.
  - Second quarter public share sales included Hilton, Nielsen, Catalent and Pinnacle Foods.
  - Announced the strategic sales of Center Parcs and Allied Barton which will close later this year.
- ▶ Deployed \$1.9 billion of capital during the quarter, leveraging unique global mandates and a wide breadth of fund strategies to identify capital investment opportunities at attractive values.
- ▶ Raised \$16.7 billion of commitments, including \$961 million in July, for the seventh global private equity fund while receiving third party subscriptions well in excess of the \$17.5 billion cap.
- ▶ Raised \$1.2 billion of capital for the second Tactical Opportunities platform bringing total closings to \$4.3 billion and total platform AUM to \$11.3 billion three years after its initial launch.

| (Dollars in Thousands)               | 2Q'14             | 2Q'15             | % Change<br>vs. 2Q'14 | YTD'14            | YTD'15            | % Change<br>vs. YTD'14 |
|--------------------------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|------------------------|
| Fee Revenues                         | \$ 127,138        | \$ 103,274        | (19)%                 | \$ 267,720        | \$ 225,242        | (16)%                  |
| Performance Fees                     | 714,604           | 241,002           | (66)%                 | 1,001,474         | 1,190,802         | 19%                    |
| Investment Income                    | 92,474            | 27,957            | (70)%                 | 143,976           | 104,260           | (28)%                  |
| Interest Income and Dividend Revenue | 4,666             | 7,667             | 64%                   | 9,894             | 15,284            | 54%                    |
| <b>Total Revenues</b>                | <b>938,882</b>    | <b>379,900</b>    | <b>(60)%</b>          | <b>1,423,064</b>  | <b>1,535,588</b>  | <b>8%</b>              |
| Compensation                         | 73,038            | 67,079            | (8)%                  | 146,345           | 137,168           | (6)%                   |
| Performance Fee Compensation         | 178,914           | 80,928            | (55)%                 | 237,537           | 298,530           | 26%                    |
| Other Operating Expenses             | 39,193            | 62,458            | 59%                   | 72,199            | 101,213           | 40%                    |
| <b>Total Expenses</b>                | <b>291,145</b>    | <b>210,465</b>    | <b>(28)%</b>          | <b>456,081</b>    | <b>536,911</b>    | <b>18%</b>             |
| <b>Economic Income</b>               | <b>\$ 647,737</b> | <b>\$ 169,435</b> | <b>(74)%</b>          | <b>\$ 966,983</b> | <b>\$ 998,677</b> | <b>3%</b>              |
| Total AUM                            | \$ 68,294,162     | \$ 92,026,337     | 35%                   | \$ 68,294,162     | \$ 92,026,337     | 35%                    |
| Fee-Earning AUM                      | \$ 42,888,756     | \$ 49,537,189     | 16%                   | \$ 42,888,756     | \$ 49,537,189     | 16%                    |

16.5%

2Q'15 LTM increase in fund carrying value

\$547 million

2Q'15 Realized Performance Fees

\$92.0 billion

Total AUM up 35% YoY

## Real Estate

- ▶ Opportunistic Real Estate funds' carrying value appreciated 1.2% during the quarter on continued strong operating fundamentals across the portfolio partially offset by declines in public investment values.
  - Appreciation of 9.0% year-to-date and 20.3% LTM, significantly outpacing broader market indices.
- ▶ Continued active pace of realizations with \$4.7 billion in the quarter driven by a Hilton secondary equity offering and several private exits and refinancings, bringing LTM capital returned to investors to \$25.0 billion.
- ▶ Record level of investment activity with \$8.0 billion invested or committed as of quarter end, driven by broad-based deployment across BREP, BREDS and BPP. Capital invested in the second quarter was \$3.0 billion.
- ▶ Raised \$1.9 billion during the quarter, and \$18.3 billion year-to-date, driven by all three fund groups.
- ▶ BXMT raised \$1.0 billion in two accretive equity offerings, bringing its market capitalization to \$2.6 billion just two years after launching the platform.
- ▶ Total AUM of \$91.6 billion up 14% from the prior year on significant fundraising activity and market appreciation.

| (Dollars in Thousands)               | 2Q'14             | 2Q'15             | % Change<br>vs. 2Q'14 | YTD'14            | YTD'15            | % Change<br>vs. YTD'14 |
|--------------------------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|------------------------|
| Fee Revenues                         | \$ 163,463        | \$ 157,902        | (3)%                  | \$ 327,456        | \$ 316,623        | (3)%                   |
| Performance Fees                     | 539,874           | 180,530           | (67)%                 | 877,480           | 817,552           | (7)%                   |
| Investment Income (Loss)             | 72,227            | (22,259)          | n/m                   | 108,963           | 86,595            | (21)%                  |
| Interest Income and Dividend Revenue | 8,009             | 10,259            | 28%                   | 14,119            | 20,256            | 43%                    |
| <b>Total Revenues</b>                | <b>783,573</b>    | <b>326,432</b>    | <b>(58)%</b>          | <b>1,328,018</b>  | <b>1,241,026</b>  | <b>(7)%</b>            |
| Compensation                         | 85,582            | 79,484            | (7)%                  | 165,815           | 164,318           | (1)%                   |
| Performance Fee Compensation         | 172,079           | 66,510            | (61)%                 | 282,263           | 217,853           | (23)%                  |
| Other Operating Expenses             | 36,542            | 43,346            | 19%                   | 69,649            | 83,489            | 20%                    |
| <b>Total Expenses</b>                | <b>294,203</b>    | <b>189,340</b>    | <b>(36)%</b>          | <b>517,727</b>    | <b>465,660</b>    | <b>(10)%</b>           |
| <b>Economic Income</b>               | <b>\$ 489,370</b> | <b>\$ 137,092</b> | <b>(72)%</b>          | <b>\$ 810,291</b> | <b>\$ 775,366</b> | <b>(4)%</b>            |
| Total AUM                            | \$ 80,410,988     | \$ 91,578,634     | 14%                   | \$ 80,410,988     | \$ 91,578,634     | 14%                    |
| Fee-Earning AUM                      | \$ 52,823,975     | \$ 62,683,857     | 19%                   | \$ 52,823,975     | \$ 62,683,857     | 19%                    |

**20.3%**  
2Q'15 LTM increase in fund carrying value

**\$365 million**  
2Q'15 Realized Performance Fees

**\$91.6 billion**  
Total AUM up 14% YoY

## Hedge Fund Solutions

- ▶ Total Revenues and Economic Income of \$175 million and \$92 million for the quarter were up 6% and 11% year-over-year, respectively, driven by a 13% increase in Fee-Earning AUM over the same period on continued steady organic growth and above-market appreciation.
- ▶ Despite more difficult markets globally, the composite gross return was up 1.1% for the quarter and 4.1% year-to-date, outperforming global markets with less volatility.
- ▶ Fee-Earning gross inflows of \$2.4 billion during the quarter and \$11.7 billion LTM, were driven by significant investments in customized and commingled strategies.
  - July 1 subscriptions of \$714 million are not yet included in Fee-Earning AUM.
- ▶ Total AUM reached a record \$67.8 billion on the growth of customized strategies and continued diversification of the platform.
  - Total AUM for BAAM's individual investor solutions platform reached \$4.6 billion, up from \$2.2 billion as of July 1, 2014.

| (Dollars in Thousands)               | 2Q'14            | 2Q'15            | % Change<br>vs. 2Q'14 | YTD'14            | YTD'15            | % Change<br>vs. YTD'14 |
|--------------------------------------|------------------|------------------|-----------------------|-------------------|-------------------|------------------------|
| Fee Revenues                         | \$ 121,400       | \$ 130,067       | 7%                    | \$ 233,544        | \$ 258,842        | 11%                    |
| Performance Fees                     | 38,529           | 40,784           | 6%                    | 96,459            | 98,727            | 2%                     |
| Investment Income (Loss)             | 3,451            | 275              | (92)%                 | 24,702            | (5,617)           | n/m                    |
| Interest Income and Dividend Revenue | 2,340            | 3,970            | 70%                   | 5,001             | 7,919             | 58%                    |
| <b>Total Revenues</b>                | <b>165,720</b>   | <b>175,096</b>   | <b>6%</b>             | <b>359,706</b>    | <b>359,871</b>    | <b>0%</b>              |
| Compensation                         | 43,341           | 45,841           | 6%                    | 83,912            | 101,945           | 21%                    |
| Performance Fee Compensation         | 14,170           | 16,552           | 17%                   | 34,202            | 35,673            | 4%                     |
| Other Operating Expenses             | 25,101           | 20,499           | (18)%                 | 44,581            | 41,705            | (6)%                   |
| <b>Total Expenses</b>                | <b>82,612</b>    | <b>82,892</b>    | <b>0%</b>             | <b>162,695</b>    | <b>179,323</b>    | <b>10%</b>             |
| <b>Economic Income</b>               | <b>\$ 83,108</b> | <b>\$ 92,204</b> | <b>11%</b>            | <b>\$ 197,011</b> | <b>\$ 180,548</b> | <b>(8)%</b>            |
| Total AUM                            | \$ 60,672,759    | \$ 67,829,866    | 12%                   | \$ 60,672,759     | \$ 67,829,866     | 12%                    |
| Fee-Earning AUM                      | \$ 58,084,020    | \$ 65,512,170    | 13%                   | \$ 58,084,020     | \$ 65,512,170     | 13%                    |

4.1%

2Q'15 YTD Composite Gross Return

\$36.6 billion

Incentive Fee Eligible AUM at 2Q'15

\$2.4 billion

2Q'15 Fee-Earning Gross Inflows

The BAAM Principal Solutions ("BPS") Composite does not include BAAM's individual investor solutions (liquid alternatives), long-only equity, long-biased commodities, ventures (seeding and minority interests), strategic opportunities (co-investments), Senfina (direct trading) and advisory (non-discretionary) platforms, except for investments by BPS funds directly into those platforms. BAAM-managed funds in liquidation are also excluded. On a net of fees basis, the BPS Composite was up 0.9% for the quarter and 3.6% year-to-date.



## Credit

- ▶ Consistently strong performance and diverse organic inflows across a broad range of funds generated Total Revenues and Economic Income of \$241 million and \$119 million, respectively, for the second quarter.
- ▶ Total AUM reached a record \$81.3 billion driven by new product launches, including \$2.6 billion of capital raised in energy focused products and subsequent closings of \$893 million in the European senior debt strategy, bringing that strategy's total to \$1.8 billion.
- ▶ Launched 11 CLOs over the LTM with \$6.0 billion of Total AUM, including six during the first half of 2015.
- ▶ Record Fee-Earning AUM up 10% year-over-year driven by capital deployed in the drawdown funds and capital raised in the Hedge Fund Strategies and Performing Credit businesses.

## Investment Performance

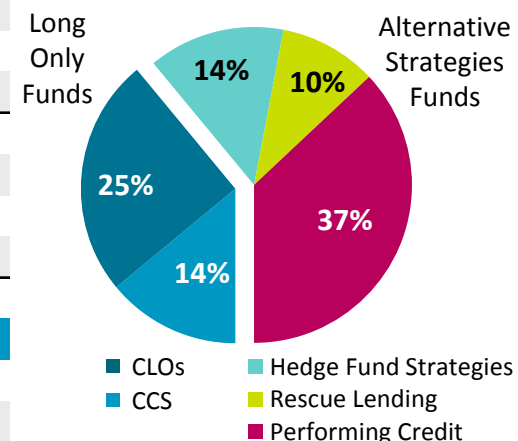
### Gross Returns

|                           | 2Q'15 | YTD'15 |
|---------------------------|-------|--------|
| Mezzanine Strategies      | 6.2%  | 9.0%   |
| Rescue Lending Strategies | 6.3%  | 5.7%   |
| Hedge Fund Strategies     | 2.0%  | 3.6%   |

| (Dollars in Thousands)               | 2Q'14             | 2Q'15             | % Change<br>vs. 2Q'14 | YTD'14            | YTD'15            | % Change<br>vs. YTD'14 |
|--------------------------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|------------------------|
| Fee Revenues                         | \$ 112,825        | \$ 122,339        | 8%                    | \$ 217,232        | \$ 244,468        | 13%                    |
| Performance Fees                     | 105,431           | 107,348           | 2%                    | 202,039           | 136,319           | (33)%                  |
| Investment Income                    | 6,744             | 5,483             | (19)%                 | 12,894            | 14,607            | 13%                    |
| Interest Income and Dividend Revenue | 4,892             | 5,938             | 21%                   | 10,753            | 11,589            | 8%                     |
| <b>Total Revenues</b>                | <b>229,892</b>    | <b>241,108</b>    | <b>5%</b>             | <b>442,918</b>    | <b>406,983</b>    | <b>(8)%</b>            |
| Compensation                         | 51,310            | 47,124            | (8)%                  | 102,062           | 97,001            | (5)%                   |
| Performance Fee Compensation         | 52,675            | 51,451            | (2)%                  | 101,090           | 67,201            | (34)%                  |
| Other Operating Expenses             | 22,159            | 23,539            | 6%                    | 54,998            | 45,375            | (17)%                  |
| <b>Total Expenses</b>                | <b>126,144</b>    | <b>122,114</b>    | <b>(3)%</b>           | <b>258,150</b>    | <b>209,577</b>    | <b>(19)%</b>           |
| <b>Economic Income</b>               | <b>\$ 103,748</b> | <b>\$ 118,994</b> | <b>15%</b>            | <b>\$ 184,768</b> | <b>\$ 197,406</b> | <b>7%</b>              |
| Total AUM                            | \$ 69,539,804     | \$ 81,288,709     | 17%                   | \$ 69,539,804     | \$ 81,288,709     | 17%                    |
| Fee-Earning AUM                      | \$ 56,117,009     | \$ 61,608,998     | 10%                   | \$ 56,117,009     | \$ 61,608,998     | 10%                    |

**\$81.3 billion**

2Q'15 Total AUM



For Mezzanine and Rescue Lending Strategies, Investment Performance represents the combined cash flows of the fee-earning funds exceeding \$100 million of fair value at each respective quarter end. For Hedge Fund Strategies, Investment Performance represents the weighted-average composite of the fee-earning funds exceeding \$100 million of fair value at each respective quarter end. Investment Performance excludes the Blackstone Funds that were contributed to GSO as part of Blackstone's acquisition of GSO in March 2008. Mezzanine Strategies' net returns were 5.0% for 2Q'15 and 7.5% for YTD'15, Rescue Lending Strategies' net returns were 5.3% for 2Q'15 and 4.9% for YTD'15 and Hedge Fund Strategies' net returns were 1.4% for 2Q'15 and 2.6% for YTD'15. Performing Credit includes Mezzanine Funds and business development companies ("BDCs"). Customized Credit Strategies ("CCS") include closed-end funds, commingled funds, the exchange traded fund and separately managed accounts.

## Financial Advisory

- ▶ Fee Revenues decreased in the second quarter compared to the prior year on a decline in the number of closed transactions during the quarter.
- ▶ Heightened merger and acquisition volume and an increase in energy-related restructuring opportunities has continued to keep the advisory pipeline robust.
- ▶ The fundraising environment for alternative assets continues to remain strong as increased distributions from legacy investments are re-invested across the fastest growing segment of asset management.
- ▶ Given the strong level of backlog activity entering the third quarter, Fee Revenues for the first nine months of 2015 are expected to exceed the prior year period.
- ▶ The spin-off transaction, announced on October 10, 2014, continues to progress as planned and is on target to occur in the second half of 2015. Long-term growth plans are steadily progressing with several key senior hires announced year-to-date.

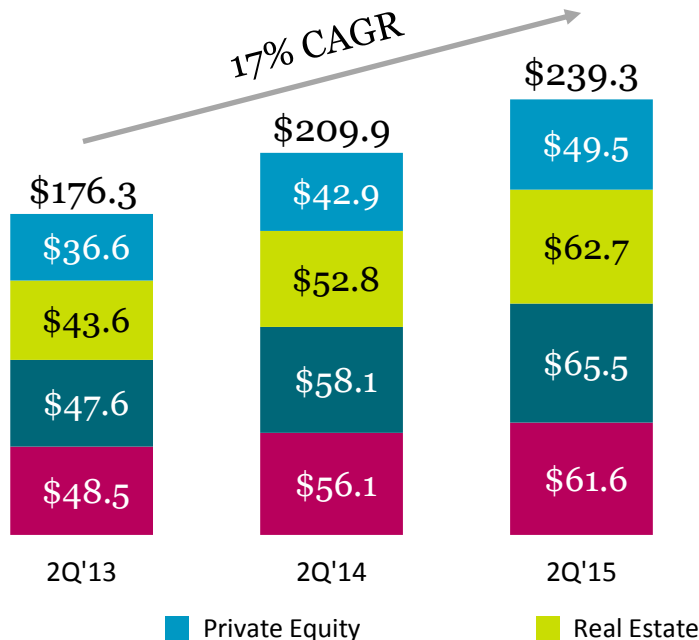
| (Dollars in Thousands)               | 2Q'14            | 2Q'15            | % Change     | YTD'14           | YTD'15          | % Change     |
|--------------------------------------|------------------|------------------|--------------|------------------|-----------------|--------------|
|                                      |                  |                  | vs. 2Q'14    |                  |                 | vs. YTD'14   |
| Fee Revenues                         | \$ 115,630       | \$ 77,175        | (33)%        | \$ 185,480       | \$ 160,473      | (13)%        |
| Investment Income (Loss)             | 1,075            | (682)            | n/m          | 1,903            | 570             | (70)%        |
| Interest Income and Dividend Revenue | 2,187            | 3,192            | 46%          | 4,689            | 6,429           | 37%          |
| <b>Total Revenues</b>                | <b>118,892</b>   | <b>79,685</b>    | <b>(33)%</b> | <b>192,072</b>   | <b>167,472</b>  | <b>(13)%</b> |
| Compensation                         | 69,744           | 49,824           | (29)%        | 131,426          | 118,758         | (10)%        |
| Other Operating Expenses             | 22,116           | 18,559           | (16)%        | 43,458           | 39,901          | (8)%         |
| <b>Total Expenses</b>                | <b>91,860</b>    | <b>68,383</b>    | <b>(26)%</b> | <b>174,884</b>   | <b>158,659</b>  | <b>(9)%</b>  |
| <b>Economic Income</b>               | <b>\$ 27,032</b> | <b>\$ 11,302</b> | <b>(58)%</b> | <b>\$ 17,188</b> | <b>\$ 8,813</b> | <b>(49)%</b> |

## Assets Under Management

- ▶ Record Fee-Earning AUM of \$239.3 billion was up 14% year-over-year as \$68.0 billion of gross inflows easily outpaced \$37.3 billion of realizations and outflows.
- ▶ Fee-Earning AUM now includes \$14.8 billion from the eighth global real estate fund, but does not yet include the seventh global private equity fund which had \$15.7 billion of closings in the second quarter.
  - Both are on target to reach their fundraising caps as investor demand continues to exceed fund size, and capital commitments are originating from innovative sources (e.g., international investors and high net worth).
- ▶ Total AUM increased 19% year-over-year to \$332.7 billion driven by \$93.9 billion from gross inflows and \$20.2 billion from consistently strong fund appreciation.
  - Each segment had double digit growth despite \$60.3 billion of capital returned to investors over the LTM.

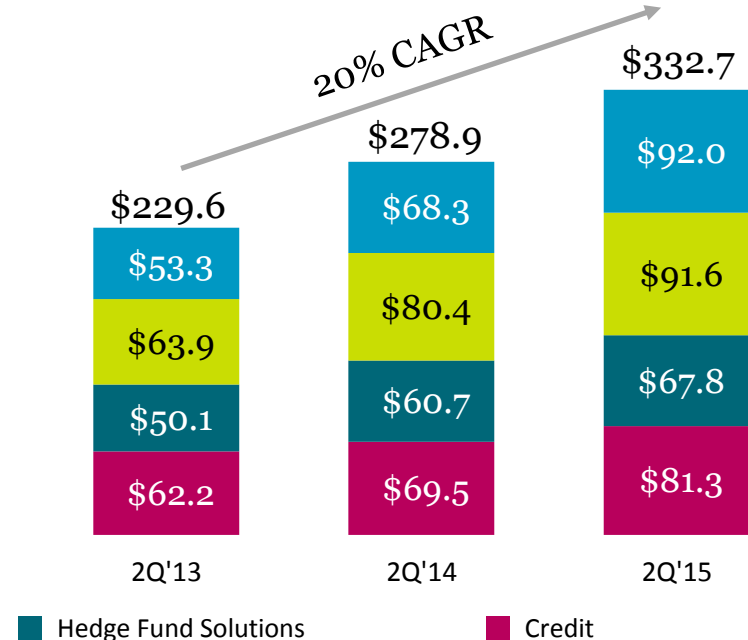
### Fee-Earning AUM by Segment

(Dollars in Billions)



### Total AUM by Segment

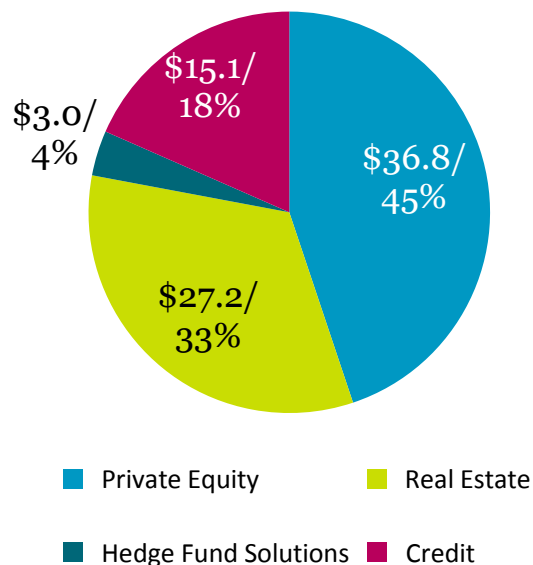
(Dollars in Billions)



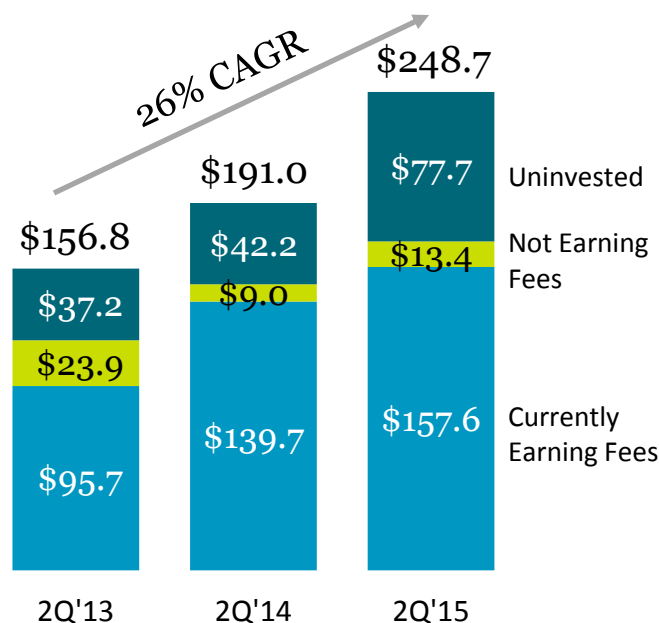
## Additional Capital Detail

- ▶ Record undrawn capital (“Total Dry Powder”) of \$82.1 billion, up 81% year-over-year, driven by fundraises for the latest global private equity and real estate funds.
- ▶ Performance Fee Eligible AUM reached \$248.7 billion at quarter end, up 30% year-over-year, despite significant realizations in the Real Estate and Private Equity segments.
  - Net inflows and consistently strong investment performance drove a 13% year-over-year increase in assets currently earning Performance Fees to \$157.6 billion.
- ▶ 51% of the \$10.1 billion capital invested year-to-date was in non-North American investments, leveraging product diversity and unique global fund mandates.

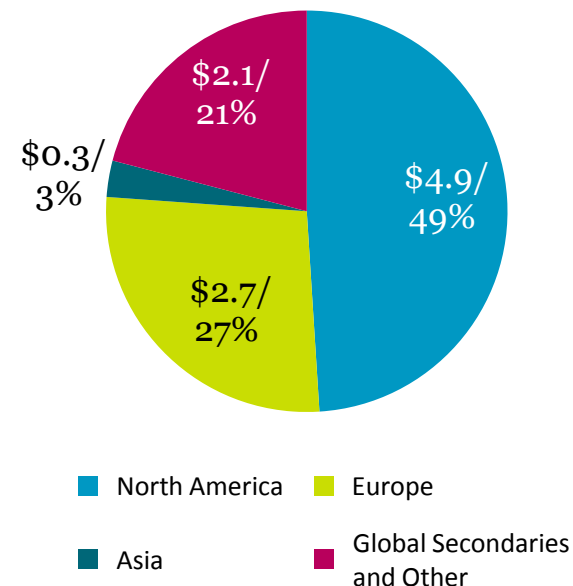
\$82 billion 2Q'15  
Total Dry Powder



\$249 billion  
Performance Fee Eligible AUM



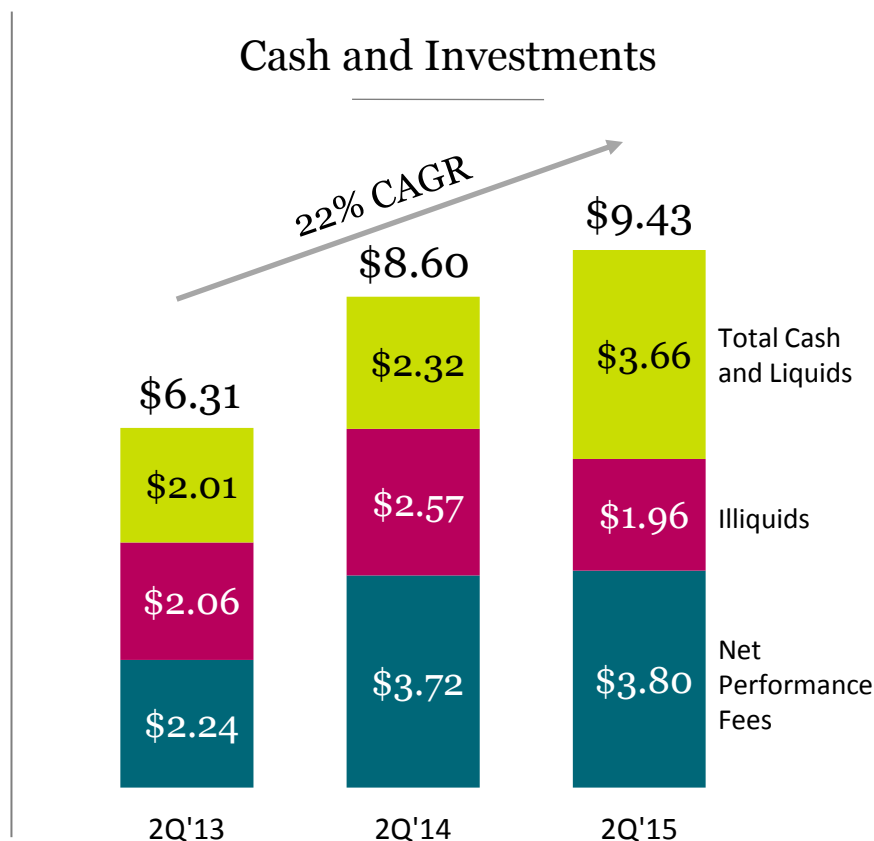
\$10 billion YTD'15  
Capital Invested by Region



## Balance Sheet Highlights

- ▶ At June 30, 2015, Blackstone had \$4.3 billion in total cash, corporate treasury and liquid investments and \$11.1 billion of total net value, or \$9.43 per DE unit, up 10% from \$8.60 a year ago.
- ▶ During the second quarter, Blackstone raised \$350 million of 30-year notes at a 4.50% yield and €300 million of 10-year notes at a 2.10% yield, bringing total long-term borrowings to \$2.8 billion.
- ▶ Blackstone has no net debt, over \$11 billion of total net value on the balance sheet and maintained its A+/A+ ratings.

| (Dollars in Millions)               | 2Q'15            |
|-------------------------------------|------------------|
| Cash and Cash Equivalents           | \$ 2,165         |
| Treasury Cash Management Strategies | 1,967            |
| Liquid Investments                  | 178              |
| Illiquid Investments                | 2,307            |
| Net Accrued Performance Fees        | 4,472            |
| <b>Total Net Value</b>              | <b>\$ 11,089</b> |
| Outstanding Bonds (at par)          | \$ 2,822         |



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

**\$1.1 billion**  
undrawn credit revolver with  
May 2019 maturity

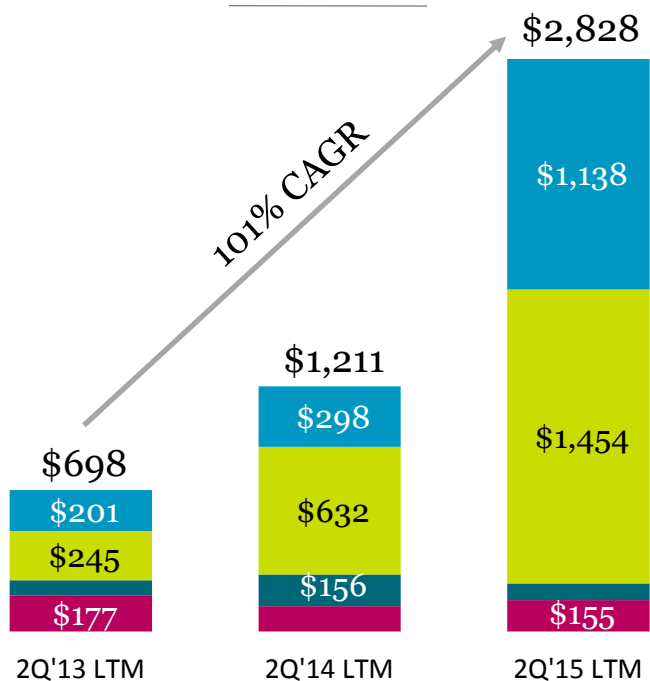
**\$4.3 billion**  
total cash, corporate treasury  
and liquid investments

## Performance Fees

- ▶ Despite Net Realized Performance Fees of \$2.8 billion over the LTM, Net Accrued Performance Fees remained steady year-over-year at \$4.5 billion (\$3.80/unit), up \$231 million from the same period last year.
- ▶ Net Accrued Performance Fees grew at a 33% CAGR since the second quarter of 2013, primarily driven by continued appreciation in Real Estate and Private Equity.

### Net Realized Performance Fees

(Dollars in Millions)

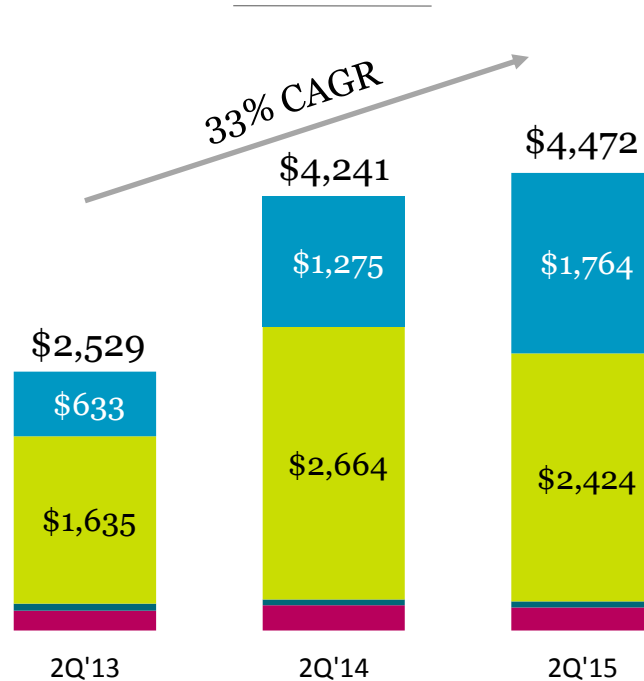


■ Private Equity

■ Real Estate

### Net Accrued Performance Fees

(Dollars in Millions)



■ Hedge Fund Solutions

■ Credit

**\$2.8 billion**

Record 2Q'15 LTM Net Realized Performance Fees

**\$4.5 billion**

Net Accrued Performance Fees

**62%**

Net Accrued Performance Fees Related to Publics/Pending Exits

# GAAP Statement of Operations

|   | 2Q'14               | 2Q'15             | % Change<br>vs. 2Q'14 | YTD'14              | YTD'15              | % Change<br>vs. YTD'14 |
|---|---------------------|-------------------|-----------------------|---------------------|---------------------|------------------------|
| (Dollars in Thousands, Except per Unit Data) (Unaudited)  |                     |                   |                       |                     |                     |                        |
| <b>Revenues</b>   |                     |                   |                       |                     |                     |                        |
| Management and Advisory Fees, Net   | \$ 619,523          | \$ 574,132        | (7)%                  | \$ 1,192,683        | \$ 1,190,900        | (0)%                   |
| Performance Fees  |                     |                   |                       |                     |                     |                        |
| Realized Carried Interest   | 641,659             | 937,483           | 46%                   | 975,282             | 2,145,077           | 120%                   |
| Realized Incentive Fees   | 39,504              | 47,682            | 21%                   | 83,298              | 77,320              | (7)%                   |
| Unrealized Carried Interest   | 660,682             | (441,930)         | n/m                   | 991,076             | (68,090)            | n/m                    |
| Unrealized Incentive Fees   | 54,639              | 25,070            | (54)%                 | 118,872             | 87,106              | (27)%                  |
| Total Performance Fees  | 1,396,484           | 568,305           | (59)%                 | 2,168,528           | 2,241,413           | 3%                     |
| Investment Income (Loss)  |                     |                   |                       |                     |                     |                        |
| Realized  | 215,710             | 157,823           | (27)%                 | 368,736             | 345,753             | (6)%                   |
| Unrealized  | 10,809              | (100,999)         | n/m                   | 24,309              | (82,726)            | n/m                    |
| Total Investment Income   | 226,519             | 56,824            | (75)%                 | 393,045             | 263,027             | (33)%                  |
| Interest and Dividend Revenue   | 15,340              | 21,965            | 43%                   | 29,409              | 43,885              | 49%                    |
| Other   | (6)                 | 3,976             | n/m                   | 863                 | (1,665)             | n/m                    |
| <b>Total Revenues</b>   | <b>2,257,860</b>    | <b>1,225,202</b>  | <b>(46)%</b>          | <b>3,784,528</b>    | <b>3,737,560</b>    | <b>(1)%</b>            |
| <b>Expenses</b>   |                     |                   |                       |                     |                     |                        |
| Compensation and Benefits   |                     |                   |                       |                     |                     |                        |
| Compensation  | 500,641             | 473,019           | (6)%                  | 985,992             | 1,032,578           | 5%                     |
| Performance Fee Compensation  |                     |                   |                       |                     |                     |                        |
| Realized Carried Interest   | 260,301             | 238,033           | (9)%                  | 409,699             | 530,281             | 29%                    |
| Realized Incentive Fees   | 18,509              | 21,837            | 18%                   | 42,144              | 34,064              | (19)%                  |
| Unrealized Carried Interest   | 114,296             | (50,559)          | n/m                   | 155,026             | 23,821              | (85)%                  |
| Unrealized Incentive Fees   | 24,692              | 6,130             | (75)%                 | 48,223              | 31,091              | (36)%                  |
| Total Compensation and Benefits   | 918,439             | 688,460           | (25)%                 | 1,641,084           | 1,651,835           | 1%                     |
| General, Administrative and Other   | 136,492             | 146,859           | 8%                    | 272,046             | 277,832             | 2%                     |
| Interest Expense  | 29,847              | 37,414            | 25%                   | 54,514              | 68,784              | 26%                    |
| Fund Expenses   | 5,003               | 41,699            | 733%                  | 9,988               | 58,549              | 486%                   |
| <b>Total Expenses</b>   | <b>1,089,781</b>    | <b>914,432</b>    | <b>(16)%</b>          | <b>1,977,632</b>    | <b>2,057,000</b>    | <b>4%</b>              |
| <b>Other Income</b>   |                     |                   |                       |                     |                     |                        |
| Net Gains from Fund Investment Activities   | 138,585             | 82,015            | (41)%                 | 208,740             | 175,570             | (16)%                  |
| <b>Income Before Provision for Taxes</b>  | <b>\$ 1,306,664</b> | <b>\$ 392,785</b> | <b>(70)%</b>          | <b>\$ 2,015,636</b> | <b>\$ 1,856,130</b> | <b>(8)%</b>            |
| Provision for Taxes   | 83,282              | 43,251            | (48)%                 | 137,379             | 142,595             | 4%                     |
| <b>Net Income</b>   | <b>\$ 1,223,382</b> | <b>\$ 349,534</b> | <b>(71)%</b>          | <b>\$ 1,878,257</b> | <b>\$ 1,713,535</b> | <b>(9)%</b>            |
| <b>Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities</b> | <b>22,486</b>       | <b>13,780</b>     | <b>(39)%</b>          | <b>68,278</b>       | <b>21,307</b>       | <b>(69)%</b>           |
| <b>Net Income Attributable to Non-Controlling Interests in Consolidated Entities</b>            | <b>140,061</b>      | <b>66,716</b>     | <b>(52)%</b>          | <b>184,022</b>      | <b>148,512</b>      | <b>(19)%</b>           |
| <b>Net Income Attributable to Non-Controlling Interests in Blackstone Holdings</b>              | <b>543,819</b>      | <b>134,870</b>    | <b>(75)%</b>          | <b>843,324</b>      | <b>780,100</b>      | <b>(7)%</b>            |
| <b>Net Income Attributable to The Blackstone Group L.P. ("BX")</b>                              | <b>\$ 517,016</b>   | <b>\$ 134,168</b> | <b>(74)%</b>          | <b>\$ 782,633</b>   | <b>\$ 763,616</b>   | <b>(2)%</b>            |
| <b>Net Income per Common Unit, Basic</b>  | <b>\$ 0.85</b>      | <b>\$ 0.21</b>    | <b>(75)%</b>          | <b>\$ 1.30</b>      | <b>\$ 1.21</b>      | <b>(7)%</b>            |
| <b>Net Income per Common Unit, Diluted</b>  | <b>\$ 0.85</b>      | <b>\$ 0.21</b>    | <b>(75)%</b>          | <b>\$ 1.29</b>      | <b>\$ 1.21</b>      | <b>(6)%</b>            |

# Appendix



# Total Segments

| (Dollars in Thousands)                  | 2Q'14               | 3Q'14             | 4Q'14               | 1Q'15               | 2Q'15               | YTD'14              | YTD'15              |
|---|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenues</b>                         |                     |                   |                     |                     |                     |                     |                     |
| Management and Advisory Fees, Net       |                     |                   |                     |                     |                     |                     |                     |
| Base Management Fees                    | \$ 496,570          | \$ 505,493        | \$ 508,588          | \$ 516,397          | \$ 516,492          | \$ 973,448          | \$ 1,032,889        |
| Advisory Fees                           | 114,914             | 84,131            | 151,837             | 84,238              | 76,998              | 184,877             | 161,236             |
| Transaction and Other Fees, Net         | 49,196              | 90,885            | 46,446              | 37,073              | 11,728              | 109,106             | 48,801              |
| Management Fee Offsets                  | (20,218)            | (22,763)          | (27,146)            | (17,945)            | (18,434)            | (36,862)            | (36,379)            |
| Total Management and Advisory Fees, Net | 640,462             | 657,746           | 679,725             | 619,763             | 586,784             | 1,230,569           | 1,206,547           |
| Performance Fees                        |                     |                   |                     |                     |                     |                     |                     |
| Realized Carried Interest               | 641,659             | 638,752           | 836,562             | 1,207,594           | 937,483             | 975,282             | 2,145,077           |
| Realized Incentive Fees                 | 39,291              | 36,840            | 131,777             | 29,670              | 47,819              | 93,128              | 77,489              |
| Unrealized Carried Interest             | 660,712             | 222,026           | 495,935             | 373,852             | (441,949)           | 991,000             | (68,097)            |
| Unrealized Incentive Fees               | 56,776              | (6,531)           | (140,936)           | 62,620              | 26,311              | 118,042             | 88,931              |
| Total Performance Fees                  | 1,398,438           | 891,087           | 1,323,338           | 1,673,736           | 569,664             | 2,177,452           | 2,243,400           |
| Investment Income (Loss)                |                     |                   |                     |                     |                     |                     |                     |
| Realized                                | 202,199             | 75,832            | 153,477             | 107,792             | 136,497             | 314,116             | 244,289             |
| Unrealized                              | (26,228)            | 4,934             | (55,053)            | 81,849              | (125,723)           | (21,678)            | (43,874)            |
| Total Investment Income                 | 175,971             | 80,766            | 98,424              | 189,641             | 10,774              | 292,438             | 200,415             |
| Interest Income and Dividend Revenue    | 22,094              | 23,585            | 28,303              | 30,451              | 31,026              | 44,456              | 61,477              |
| Other                                   | (6)                 | 719               | 7,823               | (4,872)             | 3,973               | 863                 | (899)               |
| <b>Total Revenues</b>                   | <b>2,236,959</b>    | <b>1,653,903</b>  | <b>2,137,613</b>    | <b>2,508,719</b>    | <b>1,202,221</b>    | <b>3,745,778</b>    | <b>3,710,940</b>    |
| <b>Expenses</b>                         |                     |                   |                     |                     |                     |                     |                     |
| Compensation                            | 323,015             | 324,426           | 199,525             | 329,838             | 289,352             | 629,560             | 619,190             |
| Performance Fee Compensation            |                     |                   |                     |                     |                     |                     |                     |
| Realized Carried Interest               | 260,301             | 186,003           | 219,941             | 292,248             | 238,032             | 409,699             | 530,280             |
| Realized Incentive Fees                 | 18,509              | 19,029            | 48,926              | 12,227              | 21,837              | 42,144              | 34,064              |
| Unrealized Carried Interest             | 114,336             | 164,132           | 59,879              | 74,380              | (50,559)            | 155,026             | 23,821              |
| Unrealized Incentive Fees               | 24,692              | (9,002)           | (58,497)            | 24,961              | 6,131               | 48,223              | 31,092              |
| Total Compensation and Benefits         | 740,853             | 684,588           | 469,774             | 733,654             | 504,793             | 1,284,652           | 1,238,447           |
| Other Operating Expenses                | 145,111             | 131,440           | 137,457             | 143,282             | 168,401             | 284,885             | 311,683             |
| <b>Total Expenses</b>                   | <b>885,964</b>      | <b>816,028</b>    | <b>607,231</b>      | <b>876,936</b>      | <b>673,194</b>      | <b>1,569,537</b>    | <b>1,550,130</b>    |
| <b>Economic Income</b>                  | <b>\$ 1,350,995</b> | <b>\$ 837,875</b> | <b>\$ 1,530,382</b> | <b>\$ 1,631,783</b> | <b>\$ 529,027</b>   | <b>\$ 2,176,241</b> | <b>\$ 2,160,810</b> |
| <b>Economic Net Income</b>              | <b>\$ 1,325,963</b> | <b>\$ 758,356</b> | <b>\$ 1,446,733</b> | <b>\$ 1,622,064</b> | <b>\$ 508,440</b>   | <b>\$ 2,139,897</b> | <b>\$ 2,130,504</b> |
| <b>Fee Related Earnings</b>             | <b>\$ 206,412</b>   | <b>\$ 236,820</b> | <b>\$ 384,720</b>   | <b>\$ 180,624</b>   | <b>\$ 178,441</b>   | <b>\$ 381,467</b>   | <b>\$ 359,065</b>   |
| <b>Distributable Earnings</b>           | <b>\$ 765,172</b>   | <b>\$ 686,086</b> | <b>\$ 1,134,054</b> | <b>\$ 1,240,207</b> | <b>\$ 1,033,920</b> | <b>\$ 1,243,818</b> | <b>\$ 2,274,127</b> |
| Total Assets Under Management           | \$ 278,917,713      | \$ 284,414,936    | \$ 290,381,069      | \$ 310,451,289      | \$ 332,723,546      | \$ 278,917,713      | \$ 332,723,546      |
| Fee-Earning Assets Under Management     | \$ 209,913,760      | \$ 214,819,600    | \$ 216,691,799      | \$ 223,511,700      | \$ 239,342,214      | \$ 209,913,760      | \$ 239,342,214      |
| Weighted Average Fee-Earning AUM        | \$ 209,251,436      | \$ 213,525,423    | \$ 215,196,253      | \$ 218,241,987      | \$ 237,576,488      | \$ 205,257,277      | \$ 230,738,845      |
| LP Capital Invested                     | \$ 5,426,511        | \$ 6,664,365      | \$ 7,810,098        | \$ 4,765,536        | \$ 4,814,362        | \$ 9,895,038        | \$ 9,579,898        |
| Total Capital Invested                  | \$ 5,858,210        | \$ 7,619,737      | \$ 8,090,350        | \$ 5,052,370        | \$ 5,048,058        | \$ 10,665,873       | \$ 10,100,428       |

## Private Equity

| (Dollars in Thousands)               | 2Q'14             | 3Q'14             | 4Q'14             | 1Q'15             | 2Q'15             | YTD'14            | YTD'15            |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Revenues</b>                      |                   |                   |                   |                   |                   |                   |                   |
| Management Fees, Net                 |                   |                   |                   |                   |                   |                   |                   |
| Base Management Fees                 | \$ 103,204        | \$ 108,236        | \$ 105,817        | \$ 108,383        | \$ 121,918        | \$ 201,788        | \$ 230,301        |
| Transaction and Other Fees, Net      | 27,616            | 48,996            | 15,183            | 20,359            | (12,131)          | 70,463            | 8,228             |
| Management Fee Offsets               | (4,246)           | (5,837)           | (7,350)           | (4,949)           | (9,028)           | (5,959)           | (13,977)          |
| Total Management Fees, Net           | 126,574           | 151,395           | 113,650           | 123,793           | 100,759           | 266,292           | 224,552           |
| <b>Performance Fees</b>              |                   |                   |                   |                   |                   |                   |                   |
| Realized Carried Interest            | 212,394           | 124,913           | 297,290           | 382,978           | 546,575           | 332,199           | 929,553           |
| Unrealized Carried Interest          | 502,210           | 96,455            | 457,098           | 566,822           | (305,573)         | 669,275           | 261,249           |
| Total Performance Fees               | 714,604           | 221,368           | 754,388           | 949,800           | 241,002           | 1,001,474         | 1,190,802         |
| <b>Investment Income (Loss)</b>      |                   |                   |                   |                   |                   |                   |                   |
| Realized                             | 74,812            | 20,421            | 46,951            | 44,816            | 50,258            | 135,347           | 95,074            |
| Unrealized                           | 17,662            | (12,754)          | (19,789)          | 31,487            | (22,301)          | 8,629             | 9,186             |
| Total Investment Income              | 92,474            | 7,667             | 27,162            | 76,303            | 27,957            | 143,976           | 104,260           |
| Interest Income and Dividend Revenue | 4,666             | 5,346             | 6,743             | 7,617             | 7,667             | 9,894             | 15,284            |
| Other                                | 564               | 2,150             | 2,991             | (1,825)           | 2,515             | 1,428             | 690               |
| <b>Total Revenues</b>                | <b>938,882</b>    | <b>387,926</b>    | <b>904,934</b>    | <b>1,155,688</b>  | <b>379,900</b>    | <b>1,423,064</b>  | <b>1,535,588</b>  |
| <b>Expenses</b>                      |                   |                   |                   |                   |                   |                   |                   |
| Compensation                         | 73,038            | 79,007            | 51,095            | 70,089            | 67,079            | 146,345           | 137,168           |
| <b>Performance Fee Compensation</b>  |                   |                   |                   |                   |                   |                   |                   |
| Realized Carried Interest            | 112,720           | 30,944            | 36,958            | 39,482            | 106,502           | 198,491           | 145,984           |
| Unrealized Carried Interest          | 66,194            | 93,434            | 77,966            | 178,120           | (25,574)          | 39,046            | 152,546           |
| Total Compensation and Benefits      | 251,952           | 203,385           | 166,019           | 287,691           | 148,007           | 383,882           | 435,698           |
| Other Operating Expenses             | 39,193            | 34,109            | 36,590            | 38,755            | 62,458            | 72,199            | 101,213           |
| <b>Total Expenses</b>                | <b>291,145</b>    | <b>237,494</b>    | <b>202,609</b>    | <b>326,446</b>    | <b>210,465</b>    | <b>456,081</b>    | <b>536,911</b>    |
| <b>Economic Income</b>               | <b>\$ 647,737</b> | <b>\$ 150,432</b> | <b>\$ 702,325</b> | <b>\$ 829,242</b> | <b>\$ 169,435</b> | <b>\$ 966,983</b> | <b>\$ 998,677</b> |
| Total Assets Under Management        | \$ 68,294,162     | \$ 69,890,367     | \$ 73,073,252     | \$ 76,327,189     | \$ 92,026,337     | \$ 68,294,162     | \$ 92,026,337     |
| Fee-Earning Assets Under Management  | \$ 42,888,756     | \$ 43,817,741     | \$ 43,890,167     | \$ 49,342,211     | \$ 49,537,189     | \$ 42,888,756     | \$ 49,537,189     |
| Weighted Average Fee-Earning AUM     | \$ 43,702,379     | \$ 43,838,483     | \$ 42,899,791     | \$ 45,051,839     | \$ 49,925,744     | \$ 44,235,482     | \$ 49,878,703     |
| LP Capital Invested                  | \$ 1,857,330      | \$ 2,277,861      | \$ 3,459,063      | \$ 2,374,599      | \$ 1,800,854      | \$ 3,886,349      | \$ 4,175,453      |
| Total Capital Invested               | \$ 2,159,178      | \$ 3,172,660      | \$ 3,593,887      | \$ 2,517,769      | \$ 1,949,748      | \$ 4,430,451      | \$ 4,467,517      |

# Real Estate

| (Dollars in Thousands)                 | 2Q'14             | 3Q'14             | 4Q'14             | 1Q'15             | 2Q'15             | YTD'14            | YTD'15            |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Revenues</b>                        |                   |                   |                   |                   |                   |                   |                   |
| Management Fees, Net                   |                   |                   |                   |                   |                   |                   |                   |
| Base Management Fees                   | \$ 157,869        | \$ 155,089        | \$ 156,208        | \$ 152,348        | \$ 140,743        | \$ 317,205        | \$ 293,091        |
| Transaction and Other Fees, Net        | 13,514            | 38,312            | 26,220            | 15,216            | 21,510            | 27,078            | 36,726            |
| Management Fee Offsets                 | (7,702)           | (8,977)           | (8,540)           | (4,866)           | (5,428)           | (16,926)          | (10,294)          |
| <b>Total Management Fees, Net</b>      | <b>163,681</b>    | <b>184,424</b>    | <b>173,888</b>    | <b>162,698</b>    | <b>156,825</b>    | <b>327,357</b>    | <b>319,523</b>    |
| Performance Fees                       |                   |                   |                   |                   |                   |                   |                   |
| Realized Carried Interest              | 417,826           | 349,237           | 526,041           | 811,249           | 363,983           | 612,484           | 1,175,232         |
| Realized Incentive Fees                | 6,070             | 1,159             | 4,296             | 723               | 1,220             | 6,044             | 1,943             |
| Unrealized Carried Interest            | 119,461           | 187,175           | 77,173            | (181,019)         | (188,608)         | 259,698           | (369,627)         |
| Unrealized Incentive Fees              | (3,483)           | (374)             | (4,401)           | 6,069             | 3,935             | (746)             | 10,004            |
| <b>Total Performance Fees</b>          | <b>539,874</b>    | <b>537,197</b>    | <b>603,109</b>    | <b>637,022</b>    | <b>180,530</b>    | <b>877,480</b>    | <b>817,552</b>    |
| Investment Income (Loss)               |                   |                   |                   |                   |                   |                   |                   |
| Realized                               | 122,664           | 49,173            | 105,901           | 71,344            | 85,432            | 154,021           | 156,776           |
| Unrealized                             | (50,437)          | 14,492            | (28,364)          | 37,510            | (107,691)         | (45,058)          | (70,181)          |
| <b>Total Investment Income (Loss)</b>  | <b>72,227</b>     | <b>63,665</b>     | <b>77,537</b>     | <b>108,854</b>    | <b>(22,259)</b>   | <b>108,963</b>    | <b>86,595</b>     |
| Interest Income and Dividend Revenue   | 8,009             | 7,135             | 8,943             | 9,997             | 10,259            | 14,119            | 20,256            |
| Other                                  | (218)             | 976               | 1,788             | (3,977)           | 1,077             | 99                | (2,900)           |
| <b>Total Revenues</b>                  | <b>783,573</b>    | <b>793,397</b>    | <b>865,265</b>    | <b>914,594</b>    | <b>326,432</b>    | <b>1,328,018</b>  | <b>1,241,026</b>  |
| <b>Expenses</b>                        |                   |                   |                   |                   |                   |                   |                   |
| Compensation                           | 85,582            | 90,586            | 69,916            | 84,834            | 79,484            | 165,815           | 164,318           |
| Performance Fee Compensation           |                   |                   |                   |                   |                   |                   |                   |
| Realized Carried Interest              | 143,442           | 64,187            | 173,534           | 246,496           | 116,168           | 195,275           | 362,664           |
| Realized Incentive Fees                | 3,081             | 592               | 2,323             | 356               | 671               | 3,065             | 1,027             |
| Unrealized Carried Interest            | 27,339            | 108,789           | 4,061             | (98,084)          | (50,559)          | 84,324            | (148,643)         |
| Unrealized Incentive Fees              | (1,783)           | (123)             | (2,227)           | 2,575             | 230               | (401)             | 2,805             |
| <b>Total Compensation and Benefits</b> | <b>257,661</b>    | <b>264,031</b>    | <b>247,607</b>    | <b>236,177</b>    | <b>145,994</b>    | <b>448,078</b>    | <b>382,171</b>    |
| Other Operating Expenses               | 36,542            | 36,138            | 40,296            | 40,143            | 43,346            | 69,649            | 83,489            |
| <b>Total Expenses</b>                  | <b>294,203</b>    | <b>300,169</b>    | <b>287,903</b>    | <b>276,320</b>    | <b>189,340</b>    | <b>517,727</b>    | <b>465,660</b>    |
| <b>Economic Income</b>                 | <b>\$ 489,370</b> | <b>\$ 493,228</b> | <b>\$ 577,362</b> | <b>\$ 638,274</b> | <b>\$ 137,092</b> | <b>\$ 810,291</b> | <b>\$ 775,366</b> |
| Total Assets Under Management          | \$ 80,410,988     | \$ 80,188,858     | \$ 80,863,187     | \$ 92,785,658     | \$ 91,578,634     | \$ 80,410,988     | \$ 91,578,634     |
| Fee-Earning Assets Under Management    | \$ 52,823,975     | \$ 52,308,175     | \$ 52,563,068     | \$ 50,783,247     | \$ 62,683,857     | \$ 52,823,975     | \$ 62,683,857     |
| Weighted Average Fee-Earning AUM       | \$ 53,233,974     | \$ 52,764,267     | \$ 52,236,610     | \$ 51,671,739     | \$ 60,939,868     | \$ 50,579,804     | \$ 56,168,300     |
| LP Capital Invested                    | \$ 3,017,193      | \$ 3,046,867      | \$ 3,478,850      | \$ 1,443,163      | \$ 2,963,609      | \$ 4,709,425      | \$ 4,406,772      |
| Total Capital Invested                 | \$ 3,128,232      | \$ 3,071,425      | \$ 3,584,035      | \$ 1,405,603      | \$ 3,035,837      | \$ 4,874,692      | \$ 4,441,440      |

# Hedge Fund Solutions

| (Dollars in Thousands)               | 2Q'14            | 3Q'14            | 4Q'14             | 1Q'15            | 2Q'15            | YTD'14            | YTD'15            |
|--------------------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------|
| <b>Revenues</b>                      |                  |                  |                   |                  |                  |                   |                   |
| Management Fees, Net                 |                  |                  |                   |                  |                  |                   |                   |
| Base Management Fees                 | \$ 123,008       | \$ 121,484       | \$ 125,105        | \$ 130,637       | \$ 130,216       | \$ 236,392        | \$ 260,853        |
| Transaction and Other Fees, Net      | 126              | 161              | 189               | 25               | -                | 219               | 25                |
| Management Fee Offsets               | (1,531)          | (1,099)          | (929)             | (280)            | (608)            | (2,986)           | (888)             |
| Total Management Fees, Net           | 121,603          | 120,546          | 124,365           | 130,382          | 129,608          | 233,625           | 259,990           |
| <b>Performance Fees</b>              |                  |                  |                   |                  |                  |                   |                   |
| Realized Incentive Fees              | 7,973            | 6,683            | 86,028            | 10,516           | 16,915           | 47,818            | 27,431            |
| Unrealized Carried Interest          | -                | -                | -                 | -                | 8,014            | -                 | 8,014             |
| Unrealized Incentive Fees            | 30,556           | 25,473           | (74,993)          | 47,427           | 15,855           | 48,641            | 63,282            |
| Total Performance Fees               | 38,529           | 32,156           | 11,035            | 57,943           | 40,784           | 96,459            | 98,727            |
| <b>Investment Income (Loss)</b>      |                  |                  |                   |                  |                  |                   |                   |
| Realized                             | 2,394            | 2,693            | (357)             | (10,375)         | (1,757)          | 19,214            | (12,132)          |
| Unrealized                           | 1,057            | (1,168)          | 812               | 4,483            | 2,032            | 5,488             | 6,515             |
| Total Investment Income (Loss)       | 3,451            | 1,525            | 455               | (5,892)          | 275              | 24,702            | (5,617)           |
| Interest Income and Dividend Revenue | 2,340            | 2,724            | 3,389             | 3,949            | 3,970            | 5,001             | 7,919             |
| Other                                | (203)            | 740              | 1,196             | (1,607)          | 459              | (81)              | (1,148)           |
| <b>Total Revenues</b>                | <b>165,720</b>   | <b>157,691</b>   | <b>140,440</b>    | <b>184,775</b>   | <b>175,096</b>   | <b>359,706</b>    | <b>359,871</b>    |
| <b>Expenses</b>                      |                  |                  |                   |                  |                  |                   |                   |
| Compensation                         | 43,341           | 41,940           | 5,806             | 56,104           | 45,841           | 83,912            | 101,945           |
| <b>Performance Fee Compensation</b>  |                  |                  |                   |                  |                  |                   |                   |
| Realized Incentive Fees              | 2,918            | 2,312            | 23,950            | 3,470            | 8,711            | 16,189            | 12,181            |
| Unrealized Carried Interest          | -                | -                | -                 | -                | 4,077            | -                 | 4,077             |
| Unrealized Incentive Fees            | 11,252           | 8,778            | (27,064)          | 15,651           | 3,764            | 18,013            | 19,415            |
| Total Compensation and Benefits      | 57,511           | 53,030           | 2,692             | 75,225           | 62,393           | 118,114           | 137,618           |
| Other Operating Expenses             | 25,101           | 20,480           | 21,068            | 21,206           | 20,499           | 44,581            | 41,705            |
| <b>Total Expenses</b>                | <b>82,612</b>    | <b>73,510</b>    | <b>23,760</b>     | <b>96,431</b>    | <b>82,892</b>    | <b>162,695</b>    | <b>179,323</b>    |
| <b>Economic Income</b>               | <b>\$ 83,108</b> | <b>\$ 84,181</b> | <b>\$ 116,680</b> | <b>\$ 88,344</b> | <b>\$ 92,204</b> | <b>\$ 197,011</b> | <b>\$ 180,548</b> |
| Total Assets Under Management        | \$ 60,672,759    | \$ 64,183,863    | \$ 63,585,670     | \$ 66,378,908    | \$ 67,829,866    | \$ 60,672,759     | \$ 67,829,866     |
| Fee-Earning Assets Under Management  | \$ 58,084,020    | \$ 62,037,082    | \$ 61,417,558     | \$ 64,114,498    | \$ 65,512,170    | \$ 58,084,020     | \$ 65,512,170     |
| Weighted Average Fee-Earning AUM     | \$ 56,793,206    | \$ 60,009,283    | \$ 61,730,313     | \$ 62,910,553    | \$ 65,453,883    | \$ 55,958,185     | \$ 64,405,449     |
| LP Capital Invested                  | \$ 188,236       | \$ 473,233       | \$ 25,489         | \$ 133,351       | \$ 2,131         | \$ 355,406        | \$ 135,482        |
| Total Capital Invested               | \$ 196,348       | \$ 487,398       | \$ 12,137         | \$ 139,223       | \$ 2,136         | \$ 399,022        | \$ 141,359        |

# Credit

| (Dollars in Thousands)                 | 2Q'14             | 3Q'14             | 4Q'14            | 1Q'15            | 2Q'15             | YTD'14            | YTD'15            |
|--|-------------------|-------------------|------------------|------------------|-------------------|-------------------|-------------------|
| <b>Revenues</b>                        |                   |                   |                  |                  |                   |                   |                   |
| Management Fees, Net                   |                   |                   |                  |                  |                   |                   |                   |
| Base Management Fees                   | \$ 112,489        | \$ 120,684        | \$ 121,458       | \$ 125,029       | \$ 123,615        | \$ 218,063        | \$ 248,644        |
| Transaction and Other Fees, Net        | 7,064             | 3,025             | 4,728            | 1,457            | 2,060             | 10,408            | 3,517             |
| Management Fee Offsets                 | (6,739)           | (6,850)           | (10,327)         | (7,850)          | (3,370)           | (10,991)          | (11,220)          |
| <b>Total Management Fees, Net</b>      | <b>112,814</b>    | <b>116,859</b>    | <b>115,859</b>   | <b>118,636</b>   | <b>122,305</b>    | <b>217,480</b>    | <b>240,941</b>    |
| Performance Fees                       |                   |                   |                  |                  |                   |                   |                   |
| Realized Carried Interest              | 11,439            | 164,602           | 13,231           | 13,367           | 26,925            | 30,599            | 40,292            |
| Realized Incentive Fees                | 25,248            | 28,998            | 41,453           | 18,431           | 29,684            | 39,266            | 48,115            |
| Unrealized Carried Interest            | 39,041            | (61,604)          | (38,336)         | (11,951)         | 44,218            | 62,027            | 32,267            |
| Unrealized Incentive Fees              | 29,703            | (31,630)          | (61,542)         | 9,124            | 6,521             | 70,147            | 15,645            |
| <b>Total Performance Fees</b>          | <b>105,431</b>    | <b>100,366</b>    | <b>(45,194)</b>  | <b>28,971</b>    | <b>107,348</b>    | <b>202,039</b>    | <b>136,319</b>    |
| Investment Income (Loss)               |                   |                   |                  |                  |                   |                   |                   |
| Realized                               | 2,223             | 3,040             | 1,020            | 2,237            | 2,723             | 5,294             | 4,960             |
| Unrealized                             | 4,521             | 4,892             | (7,437)          | 6,887            | 2,760             | 7,600             | 9,647             |
| <b>Total Investment Income (Loss)</b>  | <b>6,744</b>      | <b>7,932</b>      | <b>(6,417)</b>   | <b>9,124</b>     | <b>5,483</b>      | <b>12,894</b>     | <b>14,607</b>     |
| Interest Income and Dividend Revenue   | 4,892             | 5,968             | 6,319            | 5,651            | 5,938             | 10,753            | 11,589            |
| Other                                  | 11                | (3,619)           | 1,557            | 3,493            | 34                | (248)             | 3,527             |
| <b>Total Revenues</b>                  | <b>229,892</b>    | <b>227,506</b>    | <b>72,124</b>    | <b>165,875</b>   | <b>241,108</b>    | <b>442,918</b>    | <b>406,983</b>    |
| <b>Expenses</b>                        |                   |                   |                  |                  |                   |                   |                   |
| Compensation                           | 51,310            | 54,877            | 31,261           | 49,877           | 47,124            | 102,062           | 97,001            |
| Performance Fee Compensation           |                   |                   |                  |                  |                   |                   |                   |
| Realized Carried Interest              | 4,139             | 90,872            | 9,449            | 6,270            | 15,362            | 15,933            | 21,632            |
| Realized Incentive Fees                | 12,510            | 16,125            | 22,653           | 8,401            | 12,455            | 22,890            | 20,856            |
| Unrealized Carried Interest            | 20,803            | (38,091)          | (22,148)         | (5,656)          | 21,497            | 31,656            | 15,841            |
| Unrealized Incentive Fees              | 15,223            | (17,657)          | (29,206)         | 6,735            | 2,137             | 30,611            | 8,872             |
| <b>Total Compensation and Benefits</b> | <b>103,985</b>    | <b>106,126</b>    | <b>12,009</b>    | <b>65,627</b>    | <b>98,575</b>     | <b>203,152</b>    | <b>164,202</b>    |
| Other Operating Expenses               | 22,159            | 20,860            | 14,666           | 21,836           | 23,539            | 54,998            | 45,375            |
| <b>Total Expenses</b>                  | <b>126,144</b>    | <b>126,986</b>    | <b>26,675</b>    | <b>87,463</b>    | <b>122,114</b>    | <b>258,150</b>    | <b>209,577</b>    |
| <b>Economic Income</b>                 | <b>\$ 103,748</b> | <b>\$ 100,520</b> | <b>\$ 45,449</b> | <b>\$ 78,412</b> | <b>\$ 118,994</b> | <b>\$ 184,768</b> | <b>\$ 197,406</b> |
| Total Assets Under Management          | \$ 69,539,804     | \$ 70,151,848     | \$ 72,858,960    | \$ 74,959,534    | \$ 81,288,709     | \$ 69,539,804     | \$ 81,288,709     |
| Fee-Earning Assets Under Management    | \$ 56,117,009     | \$ 56,656,602     | \$ 58,821,006    | \$ 59,271,744    | \$ 61,608,998     | \$ 56,117,009     | \$ 61,608,998     |
| Weighted Average Fee-Earning AUM       | \$ 55,521,877     | \$ 56,913,390     | \$ 58,329,539    | \$ 58,607,856    | \$ 61,256,993     | \$ 54,483,806     | \$ 60,286,393     |
| LP Capital Invested                    | \$ 363,752        | \$ 866,404        | \$ 846,696       | \$ 814,423       | \$ 47,768         | \$ 943,858        | \$ 862,191        |
| Total Capital Invested                 | \$ 374,452        | \$ 888,254        | \$ 900,291       | \$ 989,775       | \$ 60,337         | \$ 961,708        | \$ 1,050,112      |

## Financial Advisory

| (Dollars in Thousands)               | 2Q'14            | 3Q'14           | 4Q'14            | 1Q'15             | 2Q'15            | YTD'14           | YTD'15          |
|--------------------------------------|------------------|-----------------|------------------|-------------------|------------------|------------------|-----------------|
| Revenues                             |                  |                 |                  |                   |                  |                  |                 |
| Advisory Fees                        | \$ 114,914       | \$ 84,131       | \$ 151,837       | \$ 84,238         | \$ 76,998        | \$ 184,877       | \$ 161,236      |
| Transaction and Other Fees, Net      | 876              | 391             | 126              | 16                | 289              | 938              | 305             |
| Total Advisory and Transaction Fees  | 115,790          | 84,522          | 151,963          | 84,254            | 77,287           | 185,815          | 161,541         |
| Investment Income (Loss)             |                  |                 |                  |                   |                  |                  |                 |
| Realized                             | 106              | 505             | (38)             | (230)             | (159)            | 240              | (389)           |
| Unrealized                           | 969              | (528)           | (275)            | 1,482             | (523)            | 1,663            | 959             |
| Total Investment Income (Loss)       | 1,075            | (23)            | (313)            | 1,252             | (682)            | 1,903            | 570             |
| Interest Income and Dividend Revenue | 2,187            | 2,412           | 2,909            | 3,237             | 3,192            | 4,689            | 6,429           |
| Other                                | (160)            | 472             | 291              | (956)             | (112)            | (335)            | (1,068)         |
| <b>Total Revenues</b>                | <b>118,892</b>   | <b>87,383</b>   | <b>154,850</b>   | <b>87,787</b>     | <b>79,685</b>    | <b>192,072</b>   | <b>167,472</b>  |
| Expenses                             |                  |                 |                  |                   |                  |                  |                 |
| Compensation                         | 69,744           | 58,016          | 41,447           | 68,934            | 49,824           | 131,426          | 118,758         |
| Total Compensation and Benefits      | 69,744           | 58,016          | 41,447           | 68,934            | 49,824           | 131,426          | 118,758         |
| Other Operating Expenses             | 22,116           | 19,853          | 24,837           | 21,342            | 18,559           | 43,458           | 39,901          |
| <b>Total Expenses</b>                | <b>91,860</b>    | <b>77,869</b>   | <b>66,284</b>    | <b>90,276</b>     | <b>68,383</b>    | <b>174,884</b>   | <b>158,659</b>  |
| <b>Economic Income (Loss)</b>        | <b>\$ 27,032</b> | <b>\$ 9,514</b> | <b>\$ 88,566</b> | <b>\$ (2,489)</b> | <b>\$ 11,302</b> | <b>\$ 17,188</b> | <b>\$ 8,813</b> |

## Unitholder Distribution

- ▶ Generated \$0.88 of Distributable Earnings per common unit during the quarter, up 35% year-over-year, bringing the year-to-date amount to \$1.93 per common unit.
- ▶ Declared a quarterly distribution of \$0.74 per common unit to record holders as of July 27, 2015; payable on August 3, 2015.

| (Dollars in Thousands, Except per Unit Data)                  | 2Q'14          | 3Q'14          | 4Q'14          | 1Q'15          | 2Q'15          | % Change   |                | YTD'14         | YTD'15     | % Change |            |
|---|----------------|----------------|----------------|----------------|----------------|------------|----------------|----------------|------------|----------|------------|
|   |                |                |                |                |                | vs. 2Q'14  | YTD'14         |                |            | YTD'15   | vs. YTD'14 |
| Distributable Earnings ("DE")                                 | \$ 765,172     | \$ 686,086     | \$ 1,134,054   | \$ 1,240,207   | \$ 1,033,920   | 35%        | \$ 1,243,818   | \$ 2,274,127   | 83%        |          |            |
| Add: Other Payables Attributable to Common Unitholders        | 29,884         | 69,707         | 87,977         | 7,288          | -              | (100)%     | 49,740         | 7,288          | (85)%      |          |            |
| DE before Certain Payables                                    | 795,056        | 755,793        | 1,222,031      | 1,247,495      | 1,033,920      | 30%        | 1,293,558      | 2,281,415      | 76%        |          |            |
| Percent to Common Unitholders                                 | 53%            | 53%            | 53%            | 53%            | 54%            | 1%         | 53%            | 53%            | 1%         |          |            |
| DE before Certain Payables Attributable to Common Unitholders | 420,236        | 400,587        | 650,899        | 663,608        | 554,120        | 32%        | 682,216        | 1,217,728      | 78%        |          |            |
| Less: Other Payables Attributable to Common Unitholders       | (29,884)       | (69,707)       | (87,977)       | (7,288)        | -              | 100%       | (49,740)       | (7,288)        | 85%        |          |            |
| DE Attributable to Common Unitholders                         | 390,352        | 330,880        | 562,922        | 656,320        | 554,120        | 42%        | 632,476        | 1,210,440      | 91%        |          |            |
| <b>DE per Common Unit</b>                                     | <b>\$ 0.65</b> | <b>\$ 0.54</b> | <b>\$ 0.92</b> | <b>\$ 1.05</b> | <b>\$ 0.88</b> | <b>35%</b> | <b>\$ 1.05</b> | <b>\$ 1.93</b> | <b>84%</b> |          |            |
| Less: Retained Capital per Common Unit                        | \$ (0.10)      | \$ (0.10)      | \$ (0.14)      | \$ (0.16)      | \$ (0.14)      | (40)%      | \$ (0.15)      | \$ (0.30)      | (100)%     |          |            |
| Actual Distribution per Common Unit                           | \$ 0.55        | \$ 0.44        | \$ 0.78        | \$ 0.89        | \$ 0.74        | 35%        | \$ 0.90        | \$ 1.63        | 81%        |          |            |
| Record Date   |                |                |                |                | July 27, 2015  |            |                |                |            |          |            |
| Payable Date  |                |                |                |                | Aug 3, 2015    |            |                |                |            |          |            |

A detailed description of Blackstone's distribution policy and the definition of Distributable Earnings can be found on page 31, 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 end of period Total Common Units Outstanding (page 30, Unit Rollforward); actual distributions are paid to unitholders as of the applicable 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 \$88.3 million for 2Q'15 and \$188.4 million for YTD'15.

## Fee-Earning Assets Under Management

### 2Q'15 Fee-Earning AUM Rollforward

(Dollars in Millions)

|                 | Private Equity | Real Estate | Hedge Fund Solutions | Credit    | Total      |
|-----------------|----------------|-------------|----------------------|-----------|------------|
| 1Q'15           | \$ 49,342      | \$ 50,783   | \$ 64,115            | \$ 59,272 | \$ 223,512 |
| Inflows         | 1,664          | 17,965      | 2,401                | 4,556     | 26,587     |
| Outflows        | (106)          | (4,095)     | (1,741)              | (1,978)   | (7,920)    |
| Realizations    | (1,517)        | (2,360)     | (92)                 | (965)     | (4,933)    |
| Net Inflows     | 42             | 11,510      | 568                  | 1,614     | 13,735     |
| Market Activity | 153            | 390         | 829                  | 723       | 2,096      |
| 2Q'15           | \$ 49,537      | \$ 62,684   | \$ 65,512            | \$ 61,609 | \$ 239,342 |
| QoQ Increase    | 0%             | 23%         | 2%                   | 4%        | 7%         |

### 2Q'15 LTM Fee-Earning AUM Rollforward

(Dollars in Millions)

|                 | Private Equity | Real Estate | Hedge Fund Solutions | Credit    | Total      |
|-----------------|----------------|-------------|----------------------|-----------|------------|
| 2Q'14           | \$ 42,889      | \$ 52,824   | \$ 58,084            | \$ 56,117 | \$ 209,914 |
| Inflows         | 12,227         | 25,253      | 11,683               | 18,878    | 68,040     |
| Outflows        | (1,271)        | (4,264)     | (5,772)              | (6,162)   | (17,470)   |
| Realizations    | (4,534)        | (10,029)    | (229)                | (5,035)   | (19,828)   |
| Net Inflows     | 6,421          | 10,959      | 5,682                | 7,680     | 30,742     |
| Market Activity | 228            | (1,099)     | 1,746                | (2,188)   | (1,313)    |
| 2Q'15           | \$ 49,537      | \$ 62,684   | \$ 65,512            | \$ 61,609 | \$ 239,342 |
| YoY Increase    | 16%            | 19%         | 13%                  | 10%       | 14%        |

### 2Q'15 Highlights

#### Private Equity

- ▶ **Inflows:** Tactical Opportunities platform (\$822 million); Strategic Partners (\$516 million); total alternative solutions (\$226 million).
- ▶ **Realizations:** BCP V strategic and public dispositions including Biomet, Hilton, Catalent, Nielsen and Pinnacle; Strategic Partners fund of funds realizations.

#### Real Estate

- ▶ **Inflows:** Eighth global opportunistic fund (\$14.8 billion); BXMT (\$1.0 billion).
- ▶ **Outflows:** Uninvested reserves at close of BREP VII investment period (\$4.0 billion).
- ▶ **Realizations:** BREP VI (\$523 million); co-investment (\$424 million); BREP Europe III (\$275 million); BREP VII (\$187 million).

#### Hedge Fund Solutions

- ▶ **Inflows:** Individual investor solutions (\$931 million); customized solutions (\$661 million); specialized solutions (\$511 million); commingled products (\$298 million).
- ▶ **Outflows:** Driven by the liquidity needs and certain strategic shifts in investors' programs.

#### Credit

- ▶ **Inflows:** Three CLO launches (\$1.7 billion); capital raised in BDCs (\$1.6 billion); Hedge Fund Strategies (\$461 million).
- ▶ **Outflows:** Hedge Fund Strategies (\$503 million); BDCs (\$793 million); Long Only platform (\$642 million).

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'15 Total AUM Rollforward

(Dollars in Millions)

|                         | Private Equity | Real Estate | Hedge Fund Solutions | Credit    | Total      |
|-------------------------|----------------|-------------|----------------------|-----------|------------|
| 1Q'15                   | \$ 76,327      | \$ 92,786   | \$ 66,379            | \$ 74,960 | \$ 310,451 |
| Inflows                 | 18,131         | 2,227       | 2,479                | 8,412     | 31,250     |
| Outflows                | (118)          | (94)        | (1,791)              | (2,207)   | (4,210)    |
| Realizations            | (4,036)        | (4,817)     | (100)                | (1,338)   | (10,290)   |
| Net Inflows (Outflows)  | 13,978         | (2,685)     | 588                  | 4,867     | 16,749     |
| Market Activity         | 1,721          | 1,478       | 863                  | 1,462     | 5,524      |
| 2Q'15                   | \$ 92,026      | \$ 91,579   | \$ 67,830            | \$ 81,289 | \$ 332,724 |
| QoQ Increase (Decrease) | 21%            | (1)%        | 2%                   | 8%        | 7%         |

### 2Q'15 LTM Total AUM Rollforward

(Dollars in Millions)

|                 | Private Equity | Real Estate | Hedge Fund Solutions | Credit    | Total      |
|-----------------|----------------|-------------|----------------------|-----------|------------|
| 2Q'14           | \$ 68,294      | \$ 80,411   | \$ 60,673            | \$ 69,540 | \$ 278,918 |
| Inflows         | 29,837         | 26,784      | 11,397               | 25,888    | 93,906     |
| Outflows        | (1,255)        | (482)       | (5,885)              | (6,912)   | (14,533)   |
| Realizations    | (13,881)       | (25,389)    | (256)                | (6,229)   | (45,754)   |
| Net Inflows     | 14,701         | 913         | 5,256                | 12,748    | 33,618     |
| Market Activity | 9,031          | 10,254      | 1,901                | (999)     | 20,187     |
| 2Q'15           | \$ 92,026      | \$ 91,579   | \$ 67,830            | \$ 81,289 | \$ 332,724 |
| YoY Increase    | 35%            | 14%         | 12%                  | 17%       | 19%        |

### 2Q'15 Highlights

#### Private Equity

- ▶ **Inflows:** Seventh private equity fund (\$15.7 billion); Tactical Opportunities platform (\$1.2 billion); Strategic Partners (\$625 million).
- ▶ **Realizations:** BCP V (\$2.8 billion); Strategic Partners (\$527 million); BCP VI (\$265 million).
- ▶ **Market Activity:** 3.5% appreciation driven by the private portfolio (up 4.0%) services, retail and healthcare sectors.

#### Real Estate

- ▶ **Inflows:** BXMT (\$1.0 billion); eighth global real estate fund (\$507 million); BPP (\$321 million).
- ▶ **Realizations:** BREP VI (\$1.6 billion); co-investments (\$1.0 billion); BREP VII (\$616 million); BREP Europe III (\$550 million).
- ▶ **Market Activity:** Strong operating fundamentals drove 1.2% appreciation in opportunistic funds despite declines in public investment values.

#### Hedge Fund Solutions

- ▶ **Inflows:** Individual investor solutions (\$931 million); customized solutions (\$661 million); specialized solutions (\$511 million).
- ▶ **Market Activity:** BAAM's Principal Solutions Composite up 1.1% gross (0.9% net).

#### Credit

- ▶ **Inflows:** Energy focused products (\$2.6 billion); three CLO launches (\$1.7 billion); the European senior debt strategy (\$893 million); BDCs (\$1.6 billion).
- ▶ **Realizations:** Capital returned to CLO investors for CLOs outside their re-investment periods (\$944 million); capital realized across the drawdown funds (\$389 million).

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.

## Net Accrued Performance Fees

- ▶ Blackstone had \$4.5 billion of accrued performance fees, net of performance fee compensation and distributed Realized Performance Fees, at the end of the quarter.

| (Dollars in Millions, Except per Unit Data) | Net Accrued Performance Fees |                 |                |                 |
|---|------------------------------|-----------------|----------------|-----------------|
|   | 1Q'15                        | 2Q'15           | 2Q'15 Per Unit | QoQ Change      |
| <b>Private Equity</b>                       |                              |                 |                |                 |
| BCP IV Carried Interest                     | \$ 178                       | \$ 186          | \$ 0.16        | \$ 8            |
| BCP V Carried Interest                      | 1,479                        | 1,119           | 0.95           | (360)           |
| BCP VI Carried Interest                     | 270                          | 320             | 0.27           | 50              |
| BEP Carried Interest                        | 64                           | 82              | 0.07           | 18              |
| Tactical Opportunities Carried Interest     | 24                           | 36              | 0.03           | 12              |
| BTAS Carried Interest                       | -                            | 2               | -              | 2               |
| Strategic Partners Carried Interest         | 11                           | 18              | 0.02           | 7               |
| Other Carried Interest                      | 1                            | 1               | -              | -               |
| <b>Total Private Equity</b>                 | <b>\$ 2,027</b>              | <b>\$ 1,764</b> | <b>\$ 1.50</b> | <b>\$ (263)</b> |
| <b>Real Estate</b>                          |                              |                 |                |                 |
| BREP IV Carried Interest                    | 30                           | 36              | 0.03           | 6               |
| BREP V Carried Interest                     | 652                          | 583             | 0.50           | (69)            |
| BREP VI Carried Interest                    | 1,109                        | 868             | 0.74           | (241)           |
| BREP VII Carried Interest                   | 527                          | 565             | 0.48           | 38              |
| BREP Int'l I Carried Interest               | 1                            | -               | -              | (1)             |
| BREP Europe III Carried Interest            | 201                          | 200             | 0.17           | (1)             |
| BREP Europe IV Carried Interest             | 56                           | 86              | 0.07           | 30              |
| BREP Asia Carried Interest                  | 30                           | 43              | 0.04           | 13              |
| BPP Carried Interest                        | 14                           | 18              | 0.02           | 4               |
| BPP Incentive Fees                          | -                            | 4               | -              | 4               |
| BREDS Carried Interest                      | 17                           | 11              | 0.01           | (6)             |
| BREDS Incentive Fees                        | 4                            | 3               | -              | (1)             |
| Asia Platform Incentive Fees                | 7                            | 7               | 0.01           | -               |
| <b>Total Real Estate</b>                    | <b>\$ 2,648</b>              | <b>\$ 2,424</b> | <b>\$ 2.06</b> | <b>\$ (224)</b> |
| <b>Hedge Fund Solutions</b>                 |                              |                 |                |                 |
| Incentive Fees                              | 40                           | 60              | 0.05           | 20              |
| <b>Total Hedge Fund Solutions</b>           | <b>\$ 40</b>                 | <b>\$ 60</b>    | <b>\$ 0.05</b> | <b>\$ 20</b>    |
| <b>Credit</b>                               |                              |                 |                |                 |
| Carried Interest                            | 165                          | 183             | 0.16           | 18              |
| Incentive Fees                              | 30                           | 41              | 0.03           | 11              |
| <b>Total Credit</b>                         | <b>\$ 195</b>                | <b>\$ 224</b>   | <b>\$ 0.19</b> | <b>\$ 29</b>    |
| <b>Total Blackstone</b>                     |                              |                 |                |                 |
| Carried Interest                            | 4,829                        | 4,357           | 3.70           | (472)           |
| Incentive Fees                              | 81                           | 115             | 0.10           | 34              |
| <b>Net Accrued Performance Fees</b>         | <b>\$ 4,910</b>              | <b>\$ 4,472</b> | <b>\$ 3.80</b> | <b>\$ (438)</b> |
| <i>Memo: Net Realized Performance Fees</i>  | <i>\$ 130</i>                | <i>\$ 52</i>    | <i>\$ 0.04</i> | <i>\$ (78)</i>  |

**\$4.5 billion**

Net Accrued Performance Fees at 2Q'15

**\$3.80 per unit**

Net Accrued Performance Fees at 2Q'15

**5.4% increase**

in Net Accrued Performance Fees since 2Q'14

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 end of period DE Units Outstanding (see page 30, Unit Rollforward).

# Investment Records as of June 30, 2015<sup>(a)</sup>

|   | 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           |                        | 244,793           | 1.2x        |                      | 2,619,040  | 1.4x              |             | 2,863,833    | 1.3x               | 7%          | 6%         |            |
| BCP IV (Nov 2002 / Dec 2005)            |                   | 6,773,182          |                       | 221,559           |                        | 2,552,980         | 1.4x        | 38%                  | 18,651,006 | 3.2x              |             | 21,203,986   | 2.8x               | 45%         | 36%        |            |
| BCP V (Dec 2005 / Jan 2011)             |                   | 21,028,965         |                       | 1,308,522         |                        | 15,918,338        | 1.8x        | 62%                  | 22,107,154 | 1.9x              |             | 38,025,492   | 1.9x               | 10%         | 9%         |            |
| BCP VI (Jan 2011 / Jan 2017)            |                   | 15,182,283         |                       | 5,981,314         |                        | 12,028,108        | 1.4x        | 17%                  | 1,776,759  | 1.8x              |             | 13,804,867   | 1.4x               | 49%         | 14%        |            |
| BEP (Aug 2011 / Aug 2017)               |                   | 2,438,402          |                       | 300,285           |                        | 2,917,957         | 1.5x        | 25%                  | 537,505    | 2.0x              |             | 3,455,462    | 1.5x               | 56%         | 28%        |            |
| BEP II (Feb 2015 / Feb 2021)            |                   | 4,951,351          |                       | 4,951,351         |                        | -                 | n/a         | -                    | -          | n/a               |             | -            | n/a                | n/a         | n/a        |            |
| BCP VII (TBD)                           |                   | 15,723,875         |                       | 15,723,875        |                        | -                 | n/a         | -                    | -          | n/a               |             | -            | n/a                | n/a         | n/a        |            |
| <b>Total Corporate Private Equity</b>   | <b>\$</b>         | <b>74,422,991</b>  | <b>\$</b>             | <b>28,686,204</b> | <b>\$</b>              | <b>33,662,176</b> | <b>1.6x</b> | <b>40%</b>           | <b>\$</b>  | <b>59,874,709</b> | <b>2.3x</b> | <b>\$</b>    | <b>93,536,885</b>  | <b>1.9x</b> | <b>20%</b> | <b>16%</b> |
| Tactical Opportunities                  |                   | 10,052,258         |                       | 5,553,528         |                        | 5,178,390         | 1.1x        | 2%                   | 1,072,776  | 1.5x              |             | 6,251,166    | 1.2x               | 35%         | 14%        |            |
| Strategic Partners                      |                   | 17,157,488         |                       | 4,600,759         |                        | 6,716,759         | 1.7x        | n/a                  | 12,162,598 | 1.2x              |             | 18,879,357   | 1.3x               | n/a         | 15%        |            |
| Other Funds and Co-Investment (e)       |                   | 1,890,393          |                       | 363,521           |                        | 1,251,384         | 1.1x        | 51%                  | 105,614    | 1.7x              |             | 1,356,998    | 1.1x               | n/a         | n/a        |            |
| <b>Total Private Equity</b>             | <b>\$</b>         | <b>103,523,130</b> | <b>\$</b>             | <b>39,204,012</b> | <b>\$</b>              | <b>46,808,709</b> | <b>1.5x</b> | <b>30%</b>           | <b>\$</b>  | <b>73,215,697</b> | <b>2.0x</b> | <b>\$</b>    | <b>120,024,406</b> | <b>1.7x</b> | <b>19%</b> | <b>16%</b> |
| <b>Real Estate</b>                      |                   |                    |                       |                   |                        |                   |             |                      |            |                   |             |              |                    |             |            |            |
| <b>Dollar</b>                           |                   |                    |                       |                   |                        |                   |             |                      |            |                   |             |              |                    |             |            |            |
| Pre-BREP                                | \$                | 140,714            | \$                    | -                 | \$                     | -                 | n/a         | n/a                  | \$         | 345,190           | 2.5x        | \$           | 345,190            | 2.5x        | 33%        | 33%        |
| BREP I (Sep 1994 / Oct 1996)            |                   | 380,708            |                       | -                 |                        | -                 | n/a         | 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         | n/a                  | 2,531,613  | 2.1x              |             | 2,531,613    | 2.1x               | 19%         | 19%        |            |
| BREP III (Apr 1999 / Apr 2003)          |                   | 1,522,708          |                       | -                 |                        | -                 | n/a         | n/a                  | 3,328,504  | 2.4x              |             | 3,328,504    | 2.4x               | 21%         | 21%        |            |
| BREP IV (Apr 2003 / Dec 2005)           |                   | 2,198,694          |                       | -                 |                        | 1,095,583         | 1.0x        | 15%                  | 3,627,456  | 2.2x              |             | 4,723,039    | 1.7x               | 45%         | 14%        |            |
| BREP V (Dec 2005 / Feb 2007)            |                   | 5,539,418          |                       | -                 |                        | 5,402,980         | 2.3x        | 31%                  | 7,458,152  | 2.2x              |             | 12,861,132   | 2.2x               | 14%         | 12%        |            |
| BREP VI (Feb 2007 / Aug 2011)           |                   | 11,059,523         |                       | 584,641           |                        | 10,191,646        | 2.5x        | 66%                  | 16,123,433 | 2.4x              |             | 26,315,079   | 2.4x               | 15%         | 14%        |            |
| BREP VII (Aug 2011 / Apr 2015)          |                   | 13,484,365         |                       | 3,163,143         |                        | 15,111,273        | 1.5x        | 1%                   | 7,338,402  | 1.9x              |             | 22,449,675   | 1.6x               | 35%         | 25%        |            |
| BREP VIII (Apr 2015 / Oct 2020)         |                   | 15,060,000         |                       | 15,041,248        |                        | 102,944           | 1.0x        | n/a                  | -          | n/a               |             | 102,944      | 1.0x               | n/a         | n/a        |            |
| <b>Total Global BREP</b>                | <b>\$</b>         | <b>50,584,469</b>  | <b>\$</b>             | <b>18,789,032</b> | <b>\$</b>              | <b>31,904,426</b> | <b>1.8x</b> | <b>28%</b>           | <b>\$</b>  | <b>42,080,458</b> | <b>2.2x</b> | <b>\$</b>    | <b>73,984,884</b>  | <b>2.0x</b> | <b>22%</b> | <b>18%</b> |
| <b>Euro</b>                             |                   |                    |                       |                   |                        |                   |             |                      |            |                   |             |              |                    |             |            |            |
| BREP Int'I (Jan 2001 / Sep 2005)        | €                 | 824,172            | €                     | -                 | €                      | 1,547             | 0.2x        | n/a                  | €          | 1,362,975         | 2.1x        | €            | 1,364,522          | 2.1x        | 24%        | 23%        |
| BREP Int'I II (Sep 2005 / Jun 2008)     |                   | 1,629,748          |                       | 53,416            |                        | 1,500,586         | 1.5x        | 32%                  | 785,346    | 2.0x              |             | 2,285,932    | 1.6x               | 11%         | 6%         |            |
| BREP Europe III (Jun 2008 / Sep 2013)   |                   | 3,205,140          |                       | 465,841           |                        | 3,631,038         | 1.8x        | 9%                   | 2,005,051  | 2.1x              |             | 5,636,089    | 1.9x               | 25%         | 20%        |            |
| BREP Europe IV (Sep 2013 / Mar 2019)    |                   | 6,691,740          |                       | 3,664,780         |                        | 4,250,499         | 1.2x        | n/a                  | 261,576    | 1.3x              |             | 4,512,075    | 1.3x               | 38%         | 22%        |            |
| <b>Total Euro BREP</b>                  | <b>€</b>          | <b>12,350,800</b>  | <b>€</b>              | <b>4,184,037</b>  | <b>€</b>               | <b>9,383,670</b>  | <b>1.5x</b> | <b>9%</b>            | <b>€</b>   | <b>4,414,948</b>  | <b>2.0x</b> | <b>€</b>     | <b>13,798,618</b>  | <b>1.6x</b> | <b>21%</b> | <b>14%</b> |
| BREP Co-Investment (f)                  | \$                | 5,571,295          | \$                    | -                 | \$                     | 5,848,998         | 2.0x        | 69%                  | \$         | 5,766,461         | 2.2x        | \$           | 11,615,459         | 2.1x        | 16%        | 17%        |
| BREP Asia (Jun 2013 / Dec 2017)         |                   | 5,075,917          |                       | 3,130,004         |                        | 2,463,724         | 1.3x        | n/a                  | 28,400     | 1.1x              |             | 2,492,124    | 1.3x               | 10%         | 16%        |            |
| <b>Total BREP</b>                       | <b>\$</b>         | <b>77,300,971</b>  | <b>\$</b>             | <b>26,671,685</b> | <b>\$</b>              | <b>52,492,491</b> | <b>1.7x</b> | <b>26%</b>           | <b>\$</b>  | <b>53,743,005</b> | <b>2.2x</b> | <b>\$</b>    | <b>106,235,496</b> | <b>1.9x</b> | <b>21%</b> | <b>17%</b> |
| BPP (g)                                 | \$                | 5,383,751          | \$                    | 2,242,222         | \$                     | 3,661,781         | 1.2x        | n/a                  | \$         | -                 | n/a         | \$           | 3,661,783          | 1.2x        | n/a        | 19%        |
| BREDS (h)                               | \$                | 7,256,058          | \$                    | 2,365,171         | \$                     | 2,603,472         | 1.2x        | -                    | \$         | 4,282,116         | 1.3x        | \$           | 6,885,588          | 1.3x        | 14%        | 12%        |
| <b>Hedge Fund Solutions</b>             |                   |                    |                       |                   |                        |                   |             |                      |            |                   |             |              |                    |             |            |            |
| BSCH (Dec 2013 / Jun 2020) (i)          | \$                | 3,301,000          | \$                    | 3,016,230         | \$                     | 287,881           | 1.1x        | -                    | \$         | 25,782            | n/a         | \$           | 313,663            | 1.2x        | n/a        | 16%        |
| <b>Hedge Fund Solutions</b>             | <b>\$</b>         | <b>3,301,000</b>   | <b>\$</b>             | <b>3,016,230</b>  | <b>\$</b>              | <b>287,881</b>    | <b>1.1x</b> | <b>-</b>             | <b>\$</b>  | <b>25,782</b>     | <b>n/a</b>  | <b>\$</b>    | <b>313,663</b>     | <b>1.2x</b> | <b>n/a</b> | <b>16%</b> |
| <b>Credit (j)</b>                       |                   |                    |                       |                   |                        |                   |             |                      |            |                   |             |              |                    |             |            |            |
| Mezzanine I (Jul 2007 / Jul 2012)       | \$                | 2,000,000          | \$                    | 108,801           | \$                     | 731,424           | 1.7x        | -                    | \$         | 4,117,474         | 1.6x        | \$           | 4,848,898          | 1.6x        | n/a        | 18%        |
| Mezzanine II (Nov 2011 / Nov 2016)      |                   | 4,120,000          |                       | 2,624,554         |                        | 2,765,478         | 1.3x        | -                    | 1,225,751  | 1.5x              |             | 3,991,229    | 1.3x               | n/a         | 23%        |            |
| Rescue Lending I (Sep 2009 / May 2013)  |                   | 3,253,143          |                       | 550,910           |                        | 2,407,564         | 1.4x        | -                    | 3,532,791  | 1.5x              |             | 5,940,355    | 1.5x               | n/a         | 14%        |            |
| Rescue Lending II (Jun 2013 / Jun 2018) |                   | 5,125,000          |                       | 3,761,279         |                        | 1,778,060         | 1.3x        | -                    | 88,846     | 1.1x              |             | 1,866,906    | 1.2x               | n/a         | n/m        |            |
| <b>Total Credit</b>                     | <b>\$</b>         | <b>14,498,143</b>  | <b>\$</b>             | <b>7,045,544</b>  | <b>\$</b>              | <b>7,682,526</b>  | <b>1.4x</b> | <b>-</b>             | <b>\$</b>  | <b>8,964,862</b>  | <b>1.5x</b> | <b>\$</b>    | <b>16,647,388</b>  | <b>1.4x</b> | <b>n/a</b> | <b>18%</b> |

## Investment Records as of June 30, 2015 – Notes

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

n/m Not meaningful.

n/a Not applicable.

(a) Preliminary.

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

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

(d) Net Internal Rate of Return (“IRR”) represents the annualized inception to June 30, 2015 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

(e) Returns for Other Funds and Co-Invest are not meaningful as these funds have limited transaction activity.

(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) BPP, or Blackstone Property Partners, are the core+ real estate funds which invest with a more modest risk profile and lower leverage.

(h) Excludes Capital Trust drawdown funds.

(i) BSCH is a permanent capital vehicle focused on acquiring strategic minority positions in alternative asset managers.

(j) 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, 1.7x and 1.5x, respectively. Funds presented represent the flagship credit drawdown funds only. The Total Credit Net IRR is the combined IRR of the four flagship credit drawdown funds presented.

## Reconciliation of GAAP to Non-GAAP Measures

| (Dollars in Thousands)  | 2Q'14               | 3Q'14             | 4Q'14               | 1Q'15 <sup>(m)</sup> | 2Q'15               | YTD'14              | YTD'15              |
|---|---------------------|-------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| <b>Net Income Attributable to The Blackstone Group L.P.</b>                                     | \$ 517,016          | \$ 250,505        | \$ 551,451          | \$ 629,448           | \$ 134,168          | \$ 782,633          | \$ 763,616          |
| Net Income Attributable to Non-Controlling Interests in Blackstone Holdings                     | 543,819             | 271,194           | 586,582             | 645,230              | 134,870             | 843,324             | 780,100             |
| Net Income Attributable to Non-Controlling Interests in Consolidated Entities                   | 140,061             | 55,491            | 95,557              | 81,796               | 66,716              | 184,022             | 148,512             |
| Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities | 22,486              | (23,328)          | 29,844              | 7,527                | 13,780              | 68,278              | 21,307              |
| <b>Net Income</b>   | <b>\$ 1,223,382</b> | <b>\$ 553,862</b> | <b>\$ 1,263,434</b> | <b>\$ 1,364,001</b>  | <b>\$ 349,534</b>   | <b>\$ 1,878,257</b> | <b>\$ 1,713,535</b> |
| Provision for Taxes   | 83,282              | 79,108            | 74,686              | 99,344               | 43,251              | 137,379             | 142,595             |
| <b>Income Before Provision for Taxes</b>  | <b>\$ 1,306,664</b> | <b>\$ 632,970</b> | <b>\$ 1,338,120</b> | <b>\$ 1,463,345</b>  | <b>\$ 392,785</b>   | <b>\$ 2,015,636</b> | <b>\$ 1,856,130</b> |
| IPO and Acquisition-Related Charges <sup>(a)</sup>  | 178,568             | 209,240           | 291,550             | 231,862              | 192,018             | 355,592             | 423,880             |
| Amortization of Intangibles <sup>(b)</sup>  | 28,310              | 27,828            | 26,113              | 25,899               | 24,720              | 57,313              | 50,619              |
| (Income) Associated with Non-Controlling Interests of Consolidated Entities <sup>(c)</sup>      | (162,547)           | (32,163)          | (125,401)           | (89,323)             | (80,496)            | (252,300)           | (169,819)           |
| <b>Economic Income</b>  | <b>\$ 1,350,995</b> | <b>\$ 837,875</b> | <b>\$ 1,530,382</b> | <b>\$ 1,631,783</b>  | <b>\$ 529,027</b>   | <b>\$ 2,176,241</b> | <b>\$ 2,160,810</b> |
| Taxes <sup>(d)</sup>  | (25,032)            | (79,519)          | (83,649)            | (9,719)              | (20,587)            | (36,344)            | (30,306)            |
| <b>Economic Net Income</b>  | <b>\$ 1,325,963</b> | <b>\$ 758,356</b> | <b>\$ 1,446,733</b> | <b>\$ 1,622,064</b>  | <b>\$ 508,440</b>   | <b>\$ 2,139,897</b> | <b>\$ 2,130,504</b> |
| Taxes <sup>(d)</sup>  | 25,032              | 79,519            | 83,649              | 9,719                | 20,587              | 36,344              | 30,306              |
| Performance Fee Adjustment <sup>(e)</sup>   | (1,398,438)         | (891,087)         | (1,323,338)         | (1,673,736)          | (569,664)           | (2,177,452)         | (2,243,400)         |
| Investment (Income) Adjustment <sup>(f)</sup>   | (175,971)           | (80,766)          | (98,424)            | (189,641)            | (10,774)            | (292,438)           | (200,415)           |
| Net Interest Loss <sup>(g)</sup>  | 11,988              | 10,636            | 5,851               | 8,402                | 14,411              | 20,024              | 22,813              |
| Performance Fee Compensation and Benefits Adjustment <sup>(h)</sup>                             | 417,838             | 360,162           | 270,249             | 403,816              | 215,441             | 655,092             | 619,257             |
| <b>Fee Related Earnings</b>   | <b>\$ 206,412</b>   | <b>\$ 236,820</b> | <b>\$ 384,720</b>   | <b>\$ 180,624</b>    | <b>\$ 178,441</b>   | <b>\$ 381,467</b>   | <b>\$ 359,065</b>   |
| Net Realized Performance Fees <sup>(i)</sup>  | 402,140             | 470,560           | 699,472             | 932,789              | 725,433             | 616,567             | 1,658,222           |
| Realized Investment Income <sup>(i)</sup>   | 202,199             | 75,832            | 153,477             | 107,792              | 136,497             | 314,116             | 244,289             |
| Net Interest (Loss) <sup>(g)</sup>  | (11,988)            | (10,636)          | (5,851)             | (8,402)              | (14,411)            | (20,024)            | (22,813)            |
| Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(k)</sup>      | (44,841)            | (96,437)          | (108,456)           | (16,994)             | (20,587)            | (75,895)            | (37,581)            |
| Equity-Based Compensation <sup>(l)</sup>  | 11,250              | 9,947             | 10,692              | 44,398               | 28,547              | 27,587              | 72,945              |
| <b>Distributable Earnings</b>   | <b>\$ 765,172</b>   | <b>\$ 686,086</b> | <b>\$ 1,134,054</b> | <b>\$ 1,240,207</b>  | <b>\$ 1,033,920</b> | <b>\$ 1,243,818</b> | <b>\$ 2,274,127</b> |
| Interest Expense  | 34,082              | 34,221            | 34,154              | 38,853               | 45,437              | 64,480              | 84,290              |
| Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(k)</sup>      | 44,841              | 96,437            | 108,456             | 16,994               | 20,587              | 75,895              | 37,581              |
| Depreciation and Amortization   | 7,170               | 7,557             | 7,200               | 6,927                | 6,715               | 17,543              | 13,642              |
| <b>Adjusted EBITDA</b>  | <b>\$ 851,265</b>   | <b>\$ 824,301</b> | <b>\$ 1,283,864</b> | <b>\$ 1,302,981</b>  | <b>\$ 1,106,659</b> | <b>\$ 1,401,736</b> | <b>\$ 2,409,640</b> |

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

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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 Interest Income and Dividend Revenue less Interest Expense.
- (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) 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.
- (l) Represents equity-based award expense included in EI.
- (m) Blackstone adopted new GAAP consolidation guidance in 2Q'15 which resulted in the deconsolidation of certain Blackstone Funds as of January 1, 2015. Adoption did not change Net Income Attributable to The Blackstone Group L.P. in 1Q'15, but did change Income Before Taxes, Net Income and Net Income Attributable to Non-Controlling and Redeemable Non-Controlling Interests in Consolidated Entities. Such amounts have been recast here from the amounts originally reported in 1Q'15.

## Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

|  | 2Q'15   |          | YTD'15  |          |
|--|---------|----------|---------|----------|
|  | Results | Per Unit | Results | Per Unit |

|                                   |           |                  |           |             |                     |              |                        |                     |
|-----------------------------------|-----------|------------------|-----------|-------------|---------------------|--------------|------------------------|---------------------|
| ▶ Base Management Fees            | \$        | 516,492          |           | \$          | 1,032,889           | Fee Earnings | Distributable Earnings | Economic Net Income |
| ▶ Advisory Fees                   |           | 76,998           |           |             | 161,236             |              |                        |                     |
| ▶ Transaction and Other Fees, Net |           | 11,728           |           |             | 48,801              |              |                        |                     |
| ▶ Management Fee Offsets          |           | (18,434)         |           |             | (36,379)            |              |                        |                     |
| ▶ Other Revenue                   |           | 3,973            |           |             | (899)               |              |                        |                     |
| ▶ Compensation                    |           | (289,352)        |           |             | (619,190)           |              |                        |                     |
| ▶ Non-Interest Operating Expenses |           | (122,964)        |           |             | (227,393)           |              |                        |                     |
| <b>Fee Related Earnings</b>       | <b>\$</b> | <b>178,441</b>   | <b>\$</b> | <b>0.15</b> | <b>\$ 359,065</b>   | <b>\$</b>    | <b>0.31</b>            |                     |
| ▶ Net Realized Incentive Fees     |           | 25,982           |           |             | 43,425              |              |                        |                     |
| ▶ Net Realized Carried Interest   |           | 699,451          |           |             | 1,614,797           |              |                        |                     |
| ▶ Realized Investment Income      |           | 136,497          |           |             | 244,289             |              |                        |                     |
| ▶ Net Interest (Loss)             |           | (14,411)         |           |             | (22,813)            |              |                        |                     |
| ▶ Taxes and Related Payables      |           | (20,587)         |           |             | (37,581)            |              |                        |                     |
| ▶ Equity-Based Compensation       |           | 28,547           |           |             | 72,945              |              |                        |                     |
| <b>Distributable Earnings</b>     | <b>\$</b> | <b>1,033,920</b> | <b>\$</b> | <b>0.88</b> | <b>\$ 2,274,127</b> | <b>\$</b>    | <b>1.93</b>            |                     |
| ▶ Net Unrealized Incentive Fees   |           | 20,180           |           |             | 57,839              |              |                        |                     |
| ▶ Net Unrealized Carried Interest |           | (391,390)        |           |             | (91,918)            |              |                        |                     |
| ▶ Unrealized Investment (Loss)    |           | (125,723)        |           |             | (43,874)            |              |                        |                     |
| ▶ Add Back: Related Payables      |           | -                |           |             | 7,275               |              |                        |                     |
| ▶ Less: Equity-Based Compensation |           | (28,547)         |           |             | (72,945)            |              |                        |                     |
| <b>Economic Net Income</b>        | <b>\$</b> | <b>508,440</b>   | <b>\$</b> | <b>0.43</b> | <b>\$ 2,130,504</b> | <b>\$</b>    | <b>1.80</b>            |                     |

See page 29, Walkdown of Financial Metrics – Calculation of Certain Non-GAAP Financial Metrics for the calculation of the amounts presented herein that are not the respective captions on page 14, Total Segments. 2Q'15 Fee Related Earnings per Unit is based on end of period DE Units Outstanding; 2Q'15 DE per Unit is based on end of period Total Common Units Outstanding; and 2Q'15 ENI per Unit is based on Weighted-Average ENI Adjusted Units. YTD'15 per Unit represents the sum of the last two quarters. See page 30, Unit Rollforward.

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

| (Dollars in Thousands)                          | 2Q'15               | YTD'15              |
|---|---------------------|---------------------|
| Operating Expenses                              | 168,401             | 311,683             |
| Less: Interest Expense                          | (45,437)            | (84,290)            |
| <b>Non-Interest Operating Expenses</b>          | <b>\$ 122,964</b>   | <b>\$ 227,393</b>   |
| Realized Incentive Fees                         | 47,819              | 77,489              |
| Less: Realized Incentive Fee Compensation       | (21,837)            | (34,064)            |
| <b>Net Realized Incentive Fees</b>              | <b>\$ 25,982</b>    | <b>\$ 43,425</b>    |
| Realized Carried Interest                       | 937,483             | 2,145,077           |
| Less: Realized Carried Interest Compensation    | (238,032)           | (530,280)           |
| <b>Net Realized Carried Interest</b>            | <b>\$ 699,451</b>   | <b>\$ 1,614,797</b> |
| Interest Income and Dividend Revenue            | 31,026              | 61,477              |
| Less: Interest Expense                          | (45,437)            | (84,290)            |
| <b>Net Interest (Loss)</b>                      | <b>\$ (14,411)</b>  | <b>\$ (22,813)</b>  |
| <b>Equity-Based Compensation<sup>(a)</sup></b>  | <b>\$ 28,547</b>    | <b>\$ 72,945</b>    |
| <b>Taxes and Related Payables<sup>(b)</sup></b> | <b>\$ (20,587)</b>  | <b>\$ (37,581)</b>  |
| Unrealized Incentive Fees                       | 26,311              | 88,931              |
| Less: Unrealized Incentive Fee Compensation     | (6,131)             | (31,092)            |
| <b>Net Unrealized Incentive Fees</b>            | <b>\$ 20,180</b>    | <b>\$ 57,839</b>    |
| Unrealized Carried Interest                     | (441,949)           | (68,097)            |
| Less: Unrealized Carried Interest Compensation  | 50,559              | (23,821)            |
| <b>Net Unrealized Carried Interest</b>          | <b>\$ (391,390)</b> | <b>\$ (91,918)</b>  |
| <b>Related Payables<sup>(c)</sup></b>           | <b>\$ -</b>         | <b>\$ 7,275</b>     |

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

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

(b) See page 26, Reconciliation of GAAP to Non-GAAP Measures for this adjustment.

(c) Represents tax-related payables including the Payable Under Tax Receivable Agreement, which is a component of Taxes and Related Payables.



## Unit Rollforward

|   | 2Q'14                | 3Q'14                | 4Q'14                | 1Q'15                | 2Q'15                |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total GAAP Weighted-Average Common Units Outstanding - Basic          | 606,690,740          | 611,684,213          | 615,492,620          | 625,276,969          | 631,881,205          |
| <i>Adjustments:</i>   |                      |                      |                      |                      |                      |
| Weighted-Average Unvested Deferred Restricted Common Units            | 3,207,089            | 3,294,657            | 6,843,140            | 5,955,072            | 2,311,444            |
| <b>Total GAAP Weighted-Average Common Units Outstanding - Diluted</b> | <b>609,897,829</b>   | <b>614,978,870</b>   | <b>622,335,760</b>   | <b>631,232,041</b>   | <b>634,192,649</b>   |
| <i>Adjustments:</i>   |                      |                      |                      |                      |                      |
| Weighted-Average Blackstone Holdings Partnership Units                | 544,158,132          | 539,856,777          | 536,973,966          | 548,837,150          | 555,641,388          |
| <b>Weighted-Average Economic Net Income Adjusted Units</b>            | <b>1,154,055,961</b> | <b>1,154,835,647</b> | <b>1,159,309,726</b> | <b>1,180,069,191</b> | <b>1,189,834,037</b> |
| <b>Economic Net Income Adjusted Units, End of Period</b>              | <b>1,154,840,023</b> | <b>1,155,075,985</b> | <b>1,159,954,181</b> | <b>1,192,529,251</b> | <b>1,190,864,027</b> |
| Total Common Units Outstanding  | 603,270,771          | 607,590,602          | 611,480,457          | 625,985,058          | 630,414,455          |
| <i>Adjustments:</i>   |                      |                      |                      |                      |                      |
| Blackstone Holdings Partnership Units                                 | 538,074,958          | 538,760,225          | 536,543,970          | 550,783,119          | 545,861,003          |
| <b>Distributable Earnings Units Outstanding</b>                       | <b>1,141,345,729</b> | <b>1,146,350,827</b> | <b>1,148,024,427</b> | <b>1,176,768,177</b> | <b>1,176,275,458</b> |

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

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

- Blackstone uses Economic Income, or “EI”, as a key measure of value creation, a benchmark of its performance and in making resource deployment and compensation decisions across its five segments. EI represents segment net income before taxes excluding transaction-related charges. Transaction-related charges arise from Blackstone’s initial public offering (“IPO”) and long-term retention programs outside of annual deferred compensation and other corporate actions, including acquisitions. Transaction-related charges include equity-based compensation charges, the amortization of intangible assets and contingent consideration associated with acquisitions. EI presents revenues and expenses on a basis that deconsolidates the investment funds Blackstone manages.
- Economic Net Income, or “ENI”, represents EI adjusted to include current period taxes. Taxes represent the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes.
- Blackstone uses Fee Related Earnings, or “FRE”, as a key measure to highlight earnings from operations excluding: (a) the income related to performance fees and related carry plan costs and (b) income earned from Blackstone’s investments in the Blackstone Funds. 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 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 non-interest 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.

Distribution Policy. Blackstone’s intention is to distribute quarterly approximately 85% of The Blackstone Group L.P.’s share of Distributable Earnings, subject to adjustment by 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. 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 eliminate such distributions entirely.

## Forward-Looking Statements

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This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "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, 2014, 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.