



Blackstone Reports Second Quarter 2012 Results

New York, July 19, 2012: Blackstone (NYSE: BX) today reported its second quarter 2012 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Our underlying business trends remained stable in the second quarter, and our investing businesses continued to generate solid relative performance. In an environment characterized by slowing global growth and heightened investor caution, our limited partner investors are entrusting us with a greater share of their capital. We ended the quarter with total assets under management of \$190 billion, up 20% year over year. Our newest global real estate fund is over \$12 billion in total size, which is the largest fund of this type ever raised. The firm has substantial dry powder capital to deploy over the next several years, and we remain focused on producing outstanding returns for our investors over the long term by investing patient capital, improving companies and creating sustainable value. We will opportunistically harvest this value as markets permit, driving meaningful cash distributions for all of our partners over time.”

Blackstone issued a full detailed presentation of its second quarter 2012 results which can be viewed at www.Blackstone.com.

Blackstone has declared a quarterly distribution of \$0.10 per common unit to record holders of common units at the close of business on August 15, 2012. This distribution will be paid on August 31, 2012.

Quarterly Investor Call Details

Blackstone will host a conference call on July 19, 2012 at 11:00 a.m. ET to discuss second quarter 2012 results. The conference call can be accessed via the internet on www.Blackstone.com or by dialing (877) 391-6747 (U.S. domestic) or +1 (617) 597-9291 (international), pass code 149 943 55#. For those unable to listen to the live broadcast, a replay will be available following the call at www.Blackstone.com or by dialing (888) 286-8010 (U.S. domestic) or +1 (617) 801-6888 (international), pass code 384 802 35#.

About Blackstone

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

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advisory services, including financial and strategic advisory, restructuring and reorganization advisory and fund placement services. Further information is available at www.Blackstone.com. Follow Blackstone on Twitter @Blackstone.

Forward-Looking Statements

This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "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, 2011, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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

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Second Quarter 2012 Earnings

July 19, 2012

Blackstone

Blackstone's Second Quarter 2012 Earnings

- ▶ Economic Net Income ("ENI") was \$212 million for the second quarter, down from \$804 million in the same period a year ago, as difficult public markets impacted Performance Fees and Investment Income particularly in our public and non-dollar denominated investments.
 - Blackstone earned \$704 million of ENI year-to-date in challenging markets which reflects the continued strong growth in AUM and Fee Related Earnings, the resiliency of our highly diversified earnings streams and the positive year-to-date contributions across our businesses.
- ▶ Fee-Earning AUM reached a record \$158 billion in the second quarter, up 22% over the same period last year, as \$44 billion of gross inflows (including \$10 billion from the Harbourmaster acquisition) more than offset \$13 billion of capital returned to investors over the same period.
- ▶ Gross fee-earning inflows for the quarter were \$5.8 billion, including fundraising for our latest global real estate fund, new private equity energy fund ("BEP") and strong inflows in Credit Businesses and Hedge Fund Solutions.
- ▶ Distributable Earnings for the second quarter of \$188 million were roughly flat from the year ago period.
- ▶ GAAP Revenues of \$627 million led to a Net Loss of \$75 million after IPO and acquisition-related charges.

(Dollars in Thousands, Except per Unit Data)	2Q'11	1Q'12	2Q'12	% Change	
				vs. 2Q'11	vs. 1Q'12
GAAP Net Income (Loss)	\$ 86,237	\$ 58,325	\$ (74,964)	n/m	n/m
Economic Net Income ("ENI") ⁽¹⁾	\$ 804,181	\$ 491,217	\$ 212,349	(74)%	(57)%
<i>ENI per Unit</i> ⁽²⁾	\$ 0.73	\$ 0.44	\$ 0.19	(74)%	(57)%
Fee Related Earnings ("FRE")	156,297	146,928	145,729	(7)%	(1)%
Distributable Earnings ("DE")	\$ 190,878	\$ 162,121	\$ 188,404	(1)%	16%
<i>DE per Common Unit</i> ⁽³⁾	\$ 0.16	\$ 0.15	\$ 0.16	0%	7%
Total Assets Under Management	158,703,173	190,074,167	190,267,831	20%	0%
Fee-Earning Assets Under Management	129,001,206	156,261,446	157,646,521	22%	1%

Note: Prior periods amounts on all pages have been adjusted to conform to the current period presentation and definitions.

(1) Economic Net Income has been redefined as Economic Income after current taxes ("Taxes"); it no longer deducts the implied provision for income taxes.

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

(3) DE per Common Unit equals Pre-Tax DE allocated to Common Unitholders less Other Payables to Common Unitholders divided by Total GAAP Common Units Outstanding.

Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

	2Q'12		Year-to-Date	
	Results	Per Unit ⁽¹⁾	Results	Per Unit ⁽¹⁾

	2Q'12		Year-to-Date		Fee Earnings	Distributable Earnings	Economic Net Income
	Results	Per Unit ⁽¹⁾	Results	Per Unit ⁽¹⁾			
▶ Base Management Fees	\$ 381,344		\$ 776,850				
▶ Transaction and Other Fees, Net	49,453		87,924				
▶ Advisory Fees	93,372		169,218				
▶ Management Fee Offsets	(7,973)		(21,023)				
▶ Interest Income and Other Revenue	11,455		25,903				
▶ Compensation	(268,884)		(523,656)				
▶ Other Operating Expenses	(113,038)		(222,559)				
Fee Related Earnings	\$ 145,729	\$ 0.13	\$ 292,657	\$ 0.26			
▶ Net Realized Incentive Fees	6,117		7,144				
▶ Net Realized Carried Interest	48,030		53,652				
▶ Realized Investment Income	8,080		25,675				
▶ Taxes and Related Payables	(19,552)		(28,603)				
Distributable Earnings	\$ 188,404	\$ 0.16	\$ 350,525	\$ 0.31			
▶ Net Unrealized Incentive Fees	(7,478)		47,864				
▶ Net Unrealized Carried Interest	47,475		261,728				
▶ Unrealized Investment Income	(26,236)		33,265				
▶ Add Back: Related Payables	10,184		10,184				
Economic Net Income	\$ 212,349	\$ 0.19	\$ 703,566	\$ 0.63			

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

(1) Fee Related Earnings per Unit is based on DE Units Outstanding; DE per Unit equals DE per Common Unit; and ENI per Unit is based on Weighted-Average ENI Adjusted Units (See Appendix - Unit Rollforward).

Private Equity

- ▶ Revenues were impacted by a sharp decline in Performance Fees and Investment Income as the carrying value of assets overall was down 4.2% for the quarter.
 - Negative markets particularly impacted the segment’s public holdings and non-dollar denominated investments while private holdings remained largely flat for the quarter. The overall portfolio is up slightly year-to-date.
- ▶ Private Equity had \$533 million of net accrued Performance Fees at the end of the quarter substantially related to BCP IV, which is in full cash carry at a 37% net IRR. During the quarter, BCP IV contributed \$28 million in net realized performance fees.
- ▶ Returned \$403 million of capital to investors during the quarter at an average 2.1x Multiple of Invested Capital (“MOIC”) and invested \$109 million of total capital with an additional \$1.2 billion committed but not yet deployed, bringing year-to-date total capital deployed and committed to \$2.0 billion.
- ▶ Fundraising continues for our new energy fund (“BEP”) with an additional \$500 million of new commitments bringing the total fund size to over \$2 billion to date.

(Dollars in Thousands)	2Q'11	1Q'12	2Q'12	% Change	
				vs. 2Q'11	vs. 1Q'12
Fee Revenues	\$ 130,883	\$ 102,309	\$ 105,430	(19)%	3%
Performance Fees	188,552	37,984	(59,112)	n/m	n/m
Investment Income (Loss)	79,968	30,380	(34,532)	n/m	n/m
Total Revenues	399,403	170,673	11,786	(97)%	(93)%
Compensation	64,633	52,547	53,775	(17)%	2%
Performance Fee Compensation	29,358	(732)	(7,455)	n/m	n/m
Other Operating Expenses	30,124	28,881	30,521	1%	6%
Total Expenses	124,115	80,696	76,841	(38)%	(5)%
Economic Income (Loss) (“EI”) ⁽¹⁾	\$ 275,288	\$ 89,977	\$ (65,055)	n/m	n/m
Total AUM	46,728,301	47,624,013	46,633,552	(0)%	(2)%
Fee-Earning AUM	35,778,240	37,323,635	37,159,452	4%	(0)%

(4.2)%

2Q'12 Decrease in Fund Carrying Value

4%

Increase in Fee-Earning AUM since 2Q'11

\$533 million

Net Accrued Performance Fees at 2Q'12

(1) Economic Income is pre-tax Economic Net Income.

Real Estate

- ▶ Revenues were down from the prior year due to smaller appreciation gains in the funds and the “catch-up” of Performance Fees in the year-earlier period which negatively impacted year-over-year comparisons.
- ▶ Carrying value of assets overall was up 2.9% for the quarter and up 6.7% year-to-date.
 - Portfolio appreciation was driven by continued strengthening of operating fundamentals, particularly in our hospitality, office and retail holdings where occupancy rose during the quarter and over the last year.
- ▶ During the quarter, Real Estate distributed \$800 million of cash to investors, which includes \$422 million of sale proceeds from dispositions of BREP investments at an average 2.0x MOIC.
- ▶ Investment activity remained robust with \$2.0 billion of total capital invested and an additional \$1.6 billion committed but not yet deployed during the quarter, bringing year-to-date total capital deployed and committed to \$4.7 billion.
- ▶ Fundraising continues for our most recent global real estate fund, with \$2 billion in additional commitments in the second quarter bringing the total fund size to over \$12 billion.

(Dollars in Thousands)	2Q'11	1Q'12	2Q'12	% Change	
				vs. 2Q'11	vs. 1Q'12
Fee Revenues ⁽¹⁾	\$ 149,514	\$ 155,430	\$ 150,298	1%	(3)%
Performance Fees	450,290	238,030	164,289	(64)%	(31)%
Investment Income	48,726	33,724	24,011	(51)%	(29)%
Total Revenues	648,530	427,184	338,598	(48)%	(21)%
Compensation	70,651	68,889	76,576	8%	11%
Performance Fee Compensation	100,403	62,122	38,320	(62)%	(38)%
Other Operating Expenses	22,971	28,924	26,560	16%	(8)%
Total Expenses	194,025	159,935	141,456	(27)%	(12)%
Economic Income	\$ 454,505	\$ 267,249	\$ 197,142	(57)%	(26)%
Total AUM	37,605,560	48,322,760	50,225,950	34%	4%
Fee-Earning AUM	27,919,000	36,647,462	38,476,123	38%	5%

2.9%

2Q'12 Increase in Fund Carrying Value

38%

Increase in Fee-Earning AUM since 2Q'11

\$1 billion

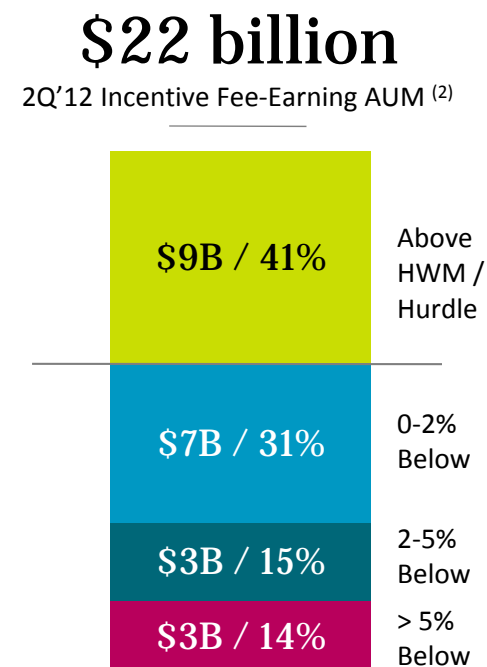
Net Accrued Performance Fees at 2Q'12

(1) Base Management Fees up 31% over the same quarter last year; transaction fees down over the same period due to a significant transaction fee related to the Centro acquisition in 2Q'11. (See Appendix for segment detail.)

Hedge Fund Solutions

- ▶ Total Revenues were down 15% year-over-year despite AUM growth, reflecting negative Performance Fees in the quarter, which more than offset Fee Revenue growth of 5% over the year ago period.
- ▶ Composite returns were down 1.2% net for the quarter and up 2.7% net year-to-date.
 - The composite return outperformed the MSCI⁽¹⁾, which was down 5.8% for the quarter.
- ▶ Fee-Earning AUM for the segment grew 8% to \$40.2 billion over the last twelve months.
 - \$4.2 billion of fee-earning net inflows primarily in customized and commingled investment products.
 - July 1st subscriptions of \$921 million are not included in the quarter-end Fee-Earning AUM.
- ▶ \$9 billion or 41% of Incentive Fee-Earning AUM were estimated above their respective High Water Mark and/or Hurdle as of June 30, 2012 and another \$7 billion of assets were within 2% of earning Performance Fees.

(Dollars in Thousands)				% Change	
	2Q'11	1Q'12	2Q'12	vs. 2Q'11	vs. 1Q'12
Fee Revenues	\$ 80,389	\$ 81,837	\$ 84,490	5%	3%
Performance Fees	4,108	26,485	(9,806)	n/m	n/m
Investment Loss	(9)	8,874	(2,707)	n/m	n/m
Total Revenues	84,488	117,196	71,977	(15)%	(39)%
Compensation	31,674	28,233	34,559	9%	22%
Performance Fee Compensation	3,208	8,672	(3,165)	n/m	n/m
Other Operating Expenses	16,075	13,934	14,506	(10)%	4%
Total Expenses	50,957	50,839	45,900	(10)%	(10)%
Economic Income	\$ 33,531	\$ 66,357	\$ 26,077	(22)%	(61)%
Total AUM	40,578,219	43,351,275	42,888,946	6%	(1)%
Fee-Earning AUM	37,244,509	40,543,772	40,161,179	8%	(1)%



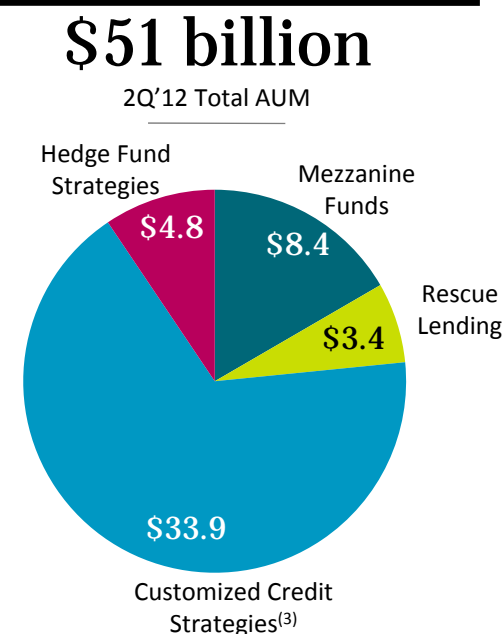
(1) The MSCI World Index is a world stock market index with over 1,600 world stocks.

(2) Represents incentive fee eligible AUM above or below High Water Mark or Relevant Benchmark. Totals may not add due to rounding.

Credit Businesses

- ▶ Fee Revenues grew 53% from the prior year driven by continued growth in AUM, strong fund performance and the impact of the Harbourmaster acquisition.
- ▶ Net accrued Performance Fees grew to \$176 million at the end of 2Q'12 with strong performance in the quarter.
- ▶ Fee-Earning AUM was essentially flat from 1Q'12 as \$1.8 billion of inflows were largely offset by foreign currency translation from our euro denominated CLOs, as well as the deleveraging of certain CLO vehicles.
- ▶ Fund returns remained solid despite volatile markets:
 - Hedge Funds⁽¹⁾ were down 0.8% net for the quarter and up 2.8% net year-to-date.
 - Mezzanine Funds⁽¹⁾ were up 4.2% net for the quarter and up 9.5% net year-to-date.
 - Rescue Lending Funds⁽¹⁾ were up 2.3% net for the quarter and up 7.3% net year-to-date.
- ▶ Deployed \$260 million of LP capital in our Mezzanine Funds and \$177 million in our Rescue Lending Funds.

(Dollars in Thousands)	2Q'11	1Q'12	2Q'12	% Change	
				vs. 2Q'11	vs. 1Q'12
Fee Revenues	\$ 59,019	\$ 87,700	\$ 90,354	53%	3%
Performance Fees	30,108	83,257	39,466	31%	(53)%
Investment Income (Loss)	8,673	9,894	(3,518)	n/m	n/m
Total Revenues	97,800	180,851	126,302	29%	(30)%
Compensation	33,071	37,143	42,845	30%	15%
Performance Fee Compensation	12,839	39,450	12,993	1%	(67)%
Other Operating Expenses	10,226	17,096	15,749	54%	(8)%
Total Expenses	56,136	93,689	71,587	28%	(24)%
Economic Income	\$ 41,664	\$ 87,162	\$ 54,715	31%	(37)%
Total AUM ⁽²⁾	33,791,093	50,776,119	50,519,383	50%	(1)%
Fee-Earning AUM ⁽²⁾	28,059,457	41,746,577	41,849,767	49%	0%



(1) Represents weighted average returns for the respective flagship funds.

(2) 2Q'12 includes \$9.6 billion of Total AUM and \$9.4 billion of Fee-Earning AUM from the January 5, 2012 acquisition of Harbourmaster.

(3) Includes CLOs, permanent capital vehicles, commingled funds and separately managed accounts.

Financial Advisory

- ▶ Fee Revenues of \$95 million were up 23% from the first quarter of this year as both our strategic advisory and restructuring businesses experienced increases in closed deals in contrast to the markets in general and a relative slow first quarter of this year.
 - Revenues were down year-over-year largely due to a very strong quarter for strategic advisory in the second quarter of 2011.
- ▶ The Restructuring group has had a strong 2012 as evidenced by its #1 ranking for worldwide completed restructurings in the Thomson Reuters league tables for the first half of 2012.
- ▶ While the M&A environment generally remains weak, Blackstone's 2012 backlog is healthy, with deal activity in line with the same period last year.
- ▶ Park Hill's pipeline is robust as fundraising market conditions are challenged and placement services are in high demand; the softness this quarter reflected more timing than recurring activity levels.

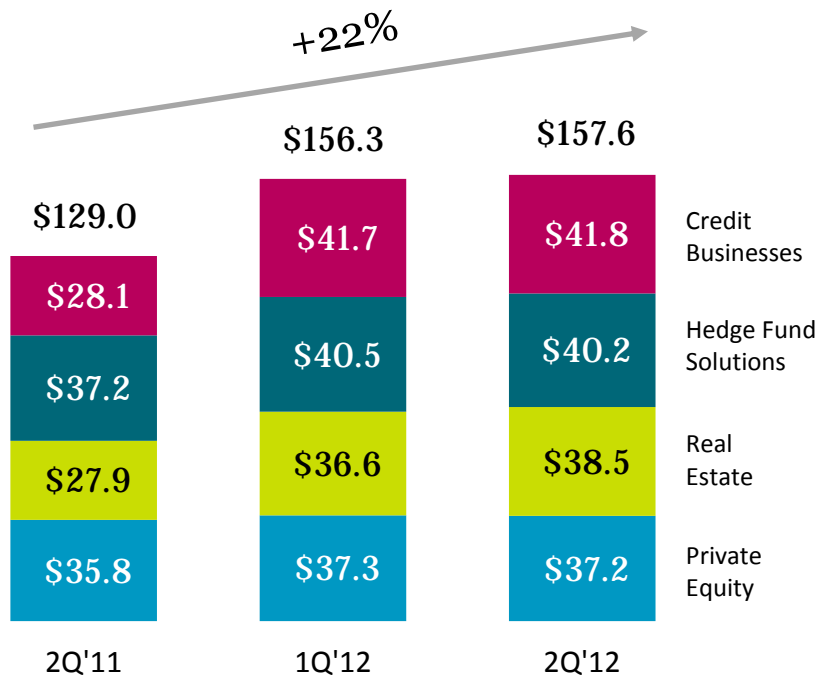
(Dollars in Thousands)				% Change	
	2Q'11	1Q'12	2Q'12	vs. 2Q'11	vs. 1Q'12
Fee Revenues	\$ 104,209	\$ 77,635	\$ 95,187	(9)%	23%
Investment Income	211	534	482	n/m	(10)%
Total Revenues	104,420	78,169	95,669	(8)%	22%
Compensation	72,363	67,960	61,129	(16)%	(10)%
Other Operating Expenses	19,967	20,686	25,702	29%	24%
Total Expenses	92,330	88,646	86,831	(6)%	(2)%
Economic Income (Loss)	\$ 12,090	\$ (10,477)	\$ 8,838	(27)%	n/m

Assets Under Management

- ▶ Fee-Earning AUM reached a record \$158 billion in the second quarter, up 22% over the same period last year, as \$44 billion of gross inflows (including \$10 billion from the Harbourmaster acquisition) more than offset \$13 billion of capital returned to investors over the same period.
 - Including commitments, not yet earning fees, Blackstone's Fee-Earning AUM would have been \$169 billion.
- ▶ Total Assets Under Management increased 20% year-over-year to \$190 billion up slightly from last quarter.

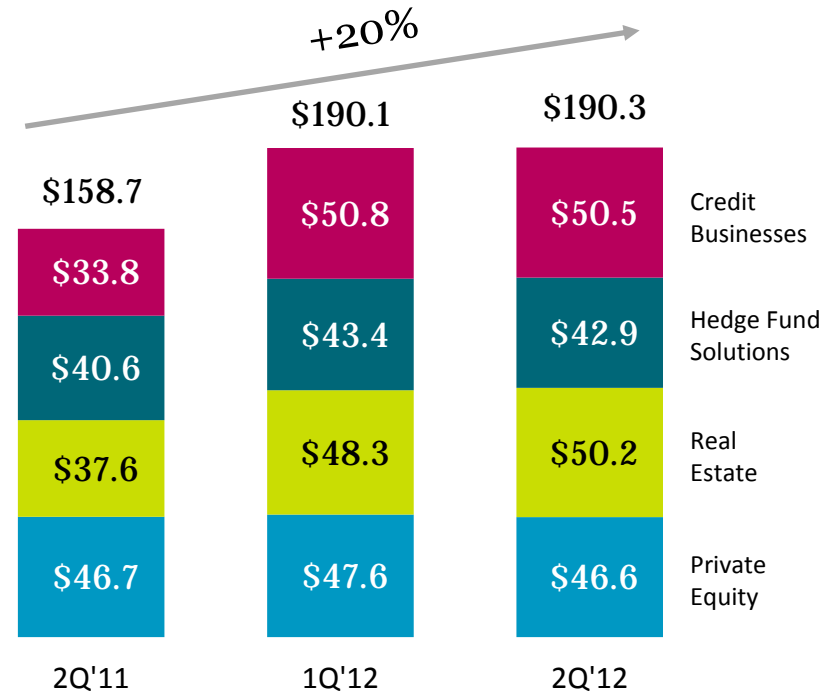
Fee-Earning AUM by Segment

(Dollars in Billions)



Total AUM by Segment

(Dollars in Billions)

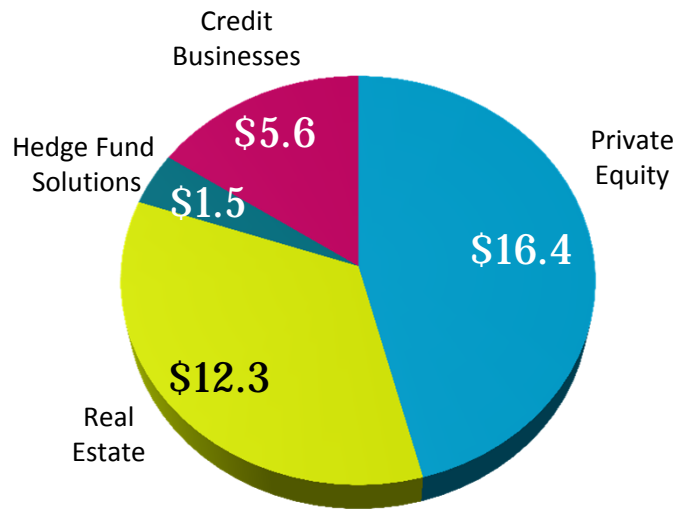


Totals may not add due to rounding.

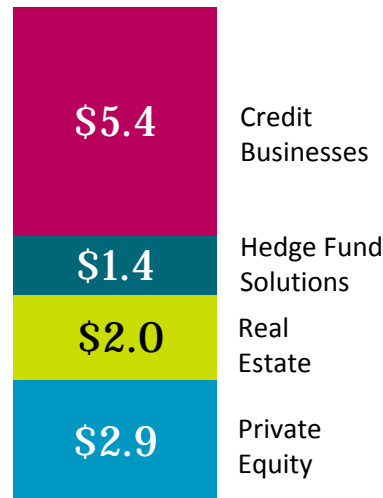
2Q'12 Available Capital Summary

- ▶ Substantial levels of Dry Powder with \$36 billion at the end of the second quarter.
- ▶ \$12 billion of Total AUM was not yet earning base management fees at the end of the quarter due largely to fund structures where fees are triggered by the deployment of capital.
- ▶ \$121 billion of Performance Fee Eligible AUM, including \$49 billion currently earning Performance Fees.

\$36 billion Dry Powder⁽¹⁾



\$12 billion Not Yet Earning Base Management Fees⁽²⁾



\$121 billion Performance Fee Eligible AUM



(1) Represents illiquid drawdown funds only; excludes marketable vehicles; includes both Fee-Earning (third party) capital and GP/employee commitments which do not earn fees. Amounts reduced by outstanding commitments to invest, but for which capital has not been called. Blackstone 9

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

(3) Represents performance fee eligible Dry Powder.

Distribution Calculation

- ▶ Declared a quarterly distribution of \$0.10 per common unit to record holders at the close of business on August 15, 2012; payable on August 31, 2012.
- ▶ Generated \$0.26 per common unit in the first two quarters of 2012 after retained capital relating to gains on Blackstone's own balance sheet investments.
- ▶ Blackstone currently pays \$0.10 per unit for the first three quarters of the year and any excess net of retained capital for the fourth quarter.

(Dollars in Thousands, Except per Unit Data)	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12	YTD
Distributable Earnings ("DE")	\$ 190,878	\$ 125,745	\$ 178,186	\$ 162,121	\$ 188,404	\$ 350,525
Add: Other Payables Attributable to Common Unitholders	13,564	10,581	5,859	100	10,284	10,384
Pre-Tax DE ⁽¹⁾	204,442	136,326	184,045	162,221	198,688	360,909
Less: Retained Capital	(29,321)	(29,129)	(15,501)	(29,833)	(26,691)	(56,524)
Pre-Tax DE Available for Distribution	175,121	107,197	168,544	132,388	171,997	304,385
% to Common Unitholders	44%	44%	45%	46%	47%	47%
Pre-Tax DE Available for Distribution to Common Unitholders	76,838	47,430	75,640	61,017	81,365	142,382
Less: Other Payables Attributable to Common Unitholders	(13,564)	(10,581)	(5,859)	(100)	(10,284)	(10,384)
Net Cash Available for Distribution to Common Unitholders	\$ 63,274	\$ 36,849	\$ 69,781	\$ 60,917	\$ 71,081	\$ 131,998
<i>Per Common Unit⁽²⁾</i>	<i>\$ 0.13</i>	<i>\$ 0.08</i>	<i>\$ 0.14</i>	<i>\$ 0.12</i>	<i>\$ 0.14</i>	<i>\$ 0.26</i>
<i>Actual Distribution per Common Unit</i>	<i>\$ 0.10</i>	<i>\$ 0.10</i>	<i>\$ 0.22</i>	<i>\$ 0.10</i>	<i>\$ 0.10</i>	<i>\$ 0.20</i>

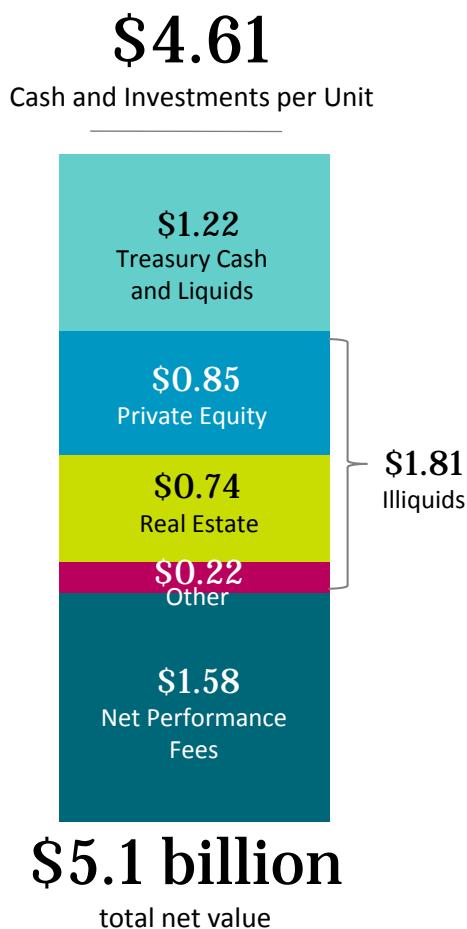
(1) Pre-Tax DE represents Distributable Earnings before the deduction for Payable under the Tax Receivable Agreement and tax expense (benefit) of wholly-owned subsidiaries.

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

Balance Sheet Highlights⁽¹⁾

- ▶ At June 30, 2012, Blackstone had \$1.2 billion in cash and treasury cash management strategies.
- ▶ Long-term debt of \$1.0 billion from the 2009 and 2010 bond issuances.
- ▶ On July 13, 2012, Blackstone amended its credit facility to extend the maturity to July 2017 and increase the facility size to \$1.1 billion from \$1.02 billion; there are currently no borrowings outstanding against the facility.

(Dollars in Millions)	2Q'12
Cash and Cash Equivalents	\$ 413
Treasury Cash Management Strategies	807
Liquid Investments ⁽²⁾	132
Illiquid Investments ⁽³⁾	2,013
Net Performance Fees	1,756
Total Net Value	\$ 5,121
Outstanding Bonds (at par) ⁽⁴⁾	\$ 1,000



A/A+

rated by S&P / Fitch

\$1.02 billion

undrawn credit revolver

\$1.4 billion

total cash and liquid investments

(1) Preliminary.

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

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

(4) \$600M Bond issued in August 2009 maturing on August 15, 2019 (6.625% coupon) and \$400M Bond issued in September 2010 maturing on March 15, 2021 (5.875% coupon).

GAAP Statement of Operations

(Dollars in Thousands, Except per Unit Data) (Unaudited)	2Q'11	2Q'12	% Change
Revenues			
Management and Advisory Fees, Net	\$ 498,040	\$ 488,048	(2)%
Performance Fees			
Realized Carried Interest	42,750	55,929	31%
Realized Incentive Fees	19,012	11,631	(39)%
Unrealized Carried Interest	611,159	84,290	(86)%
Unrealized Incentive Fees	(670)	(16,436)	n/m
Total Performance Fees	672,251	135,414	(80)%
Investment Income (Loss)			
Realized	19,303	5,758	(70)%
Unrealized	108,711	(10,519)	n/m
Total Investment Income (Loss)	128,014	(4,761)	n/m
Interest and Dividend Revenue	8,848	9,267	5%
Other	1,128	(765)	n/m
Total Revenues	1,308,281	627,203	(52)%
Expenses			
Compensation and Benefits			
Compensation	699,432	533,367	(24)%
Performance Fee Compensation			
Realized Carried Interest	18,676	7,898	(58)%
Realized Incentive Fees	9,036	5,576	(38)%
Unrealized Carried Interest	123,714	36,815	(70)%
Unrealized Incentive Fees	(5,616)	(9,595)	(71)%
Total Compensation and Benefits	845,242	574,061	(32)%
General, Administrative and Other	126,118	135,737	8%
Interest Expense	14,185	13,773	(3)%
Fund Expenses	(714)	16,248	n/m
Total Expenses	984,831	739,819	(25)%
Other Income			
Net Gains from Fund Investment Activities	(74,654)	248,230	n/m
Income Before Provision for Taxes	\$ 248,796	\$ 135,614	(45)%
Provision for Taxes	64,199	41,337	(36)%
Net Income	\$ 184,597	\$ 94,277	(49)%
Net Loss Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(140)	(21,071)	n/m
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	(92,408)	243,339	n/m
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	190,908	(53,027)	n/m
Net Income (Loss) Attributable to The Blackstone Group L.P.	\$ 86,237	\$ (74,964)	n/m
Net Income (Loss) per Common Unit, Basic and Diluted	\$ 0.18	\$ (0.14)	n/m

Appendix

Total Segments

(Dollars in Thousands)	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12	2Q'12 vs. 2Q'11	
						\$	%
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 316,474	\$ 322,371	\$ 336,753	\$ 395,506	\$ 381,344	\$ 64,870	20%
Advisory Fees	102,243	86,178	123,567	75,846	93,372	(8,871)	(9)%
Transaction and Other Fees, Net ⁽¹⁾	103,561	41,793	43,796	38,471	49,453	(54,108)	(52)%
Management Fee Offsets ⁽²⁾	(8,675)	(7,703)	(8,479)	(13,050)	(7,973)	702	8%
Total Management and Advisory Fees, Net	513,603	442,639	495,637	496,773	516,196	2,593	1%
Performance Fees							
Realized Carried Interest	42,752	(9,633)	12,387	13,560	55,929	13,177	31%
Realized Incentive Fees	17,463	17,530	51,837	5,279	11,692	(5,771)	(33)%
Unrealized Carried Interest	611,157	(382,949)	311,162	298,796	84,290	(526,867)	(86)%
Unrealized Incentive Fees	1,686	(82,227)	(17,436)	68,121	(17,074)	(18,760)	n/m
Total Performance Fees	673,058	(457,279)	357,950	385,756	134,837	(538,221)	(80)%
Investment Income (Loss)							
Realized	30,732	31,647	16,697	23,492	9,360	(21,372)	(70)%
Unrealized	106,837	(165,753)	39,028	59,914	(25,624)	(132,461)	n/m
Total Investment Income (Loss)	137,569	(134,106)	55,725	83,406	(16,264)	(153,833)	n/m
Interest Income and Dividend Revenue	9,283	10,110	10,003	9,345	10,391	1,108	12%
Other	1,128	(1,667)	5,695	(1,207)	(828)	(1,956)	n/m
Total Revenues	1,334,641	(140,303)	925,010	974,073	644,332	(690,309)	(52)%
Expenses							
Compensation	272,392	238,207	225,438	254,772	268,884	(3,508)	(1)%
Performance Fee Compensation							
Realized Carried Interest	18,675	(1,835)	13,206	7,938	7,899	(10,776)	(58)%
Realized Incentive Fees	9,036	12,378	33,524	4,252	5,575	(3,461)	(38)%
Unrealized Carried Interest	123,713	(74,123)	62,399	84,543	36,815	(86,898)	(70)%
Unrealized Incentive Fees	(5,616)	(37,312)	(14,401)	12,779	(9,596)	(3,980)	(71)%
Total Compensation and Benefits	418,200	137,315	320,166	364,284	309,577	(108,623)	(26)%
Other Operating Expenses	99,363	96,932	122,072	109,521	113,038	13,675	14%
Total Expenses	517,563	234,247	442,238	473,805	422,615	(94,948)	(18)%
Economic Income (Loss)	\$ 817,078	\$ (374,550)	\$ 482,772	\$ 500,268	\$ 221,717	\$ (595,361)	(73)%
Economic Net Income	\$ 804,181	\$ (379,999)	\$ 468,154	\$ 491,217	\$ 212,349	\$ (591,832)	(74)%
Fee Related Earnings	\$ 156,297	\$ 112,932	\$ 166,096	\$ 146,928	\$ 145,729	\$ (10,568)	(7)%
Distributable Earnings	\$ 190,878	\$ 125,745	\$ 178,186	\$ 162,121	\$ 188,404	\$ (2,474)	(1)%
Total Assets Under Management	158,703,173	157,698,448	166,228,504	190,074,167	190,267,831	31,564,658	20%
Fee-Earning Assets Under Management	129,001,206	132,934,377	136,756,753	156,261,446	157,646,521	28,645,315	22%
Weighted Average Fee-Earning AUM	126,636,310	131,458,996	136,876,758	154,354,070	156,426,744	29,790,434	24%
LP Capital Invested	3,654,820	4,753,161	3,406,264	2,719,433	2,403,624	(1,251,196)	(34)%
Total Capital Invested	3,856,171	5,012,262	3,992,488	2,806,886	2,525,648	(1,330,523)	(35)%

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

(2) Primarily placement fees.

Private Equity

(Dollars in Thousands)	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12	2Q'12 vs. 2Q'11	
						\$	%
Revenues							
Management Fees, Net							
Base Management Fees	\$ 82,297	\$ 85,534	\$ 84,231	\$ 85,789	\$ 87,475	\$ 5,178	6%
Transaction and Other Fees, Net ⁽¹⁾	52,353	21,430	23,879	18,097	14,951	(37,402)	(71)%
Management Fee Offsets ⁽²⁾	(7,629)	(6,498)	(5,057)	(3,782)	(672)	6,957	91%
Total Management Fees, Net	127,021	100,466	103,053	100,104	101,754	(25,267)	(20)%
Performance Fees							
Realized Carried Interest	1,362	(17,966)	(28,392)	3,933	28,781	27,419	n/m
Unrealized Carried Interest	187,190	(270,014)	83,777	34,051	(87,893)	(275,083)	n/m
Total Performance Fees	188,552	(287,980)	55,385	37,984	(59,112)	(247,664)	n/m
Investment Income (Loss)							
Realized	3,021	20,548	3,512	13,911	(6,195)	(9,216)	n/m
Unrealized	76,947	(121,688)	25,091	16,469	(28,337)	(105,284)	n/m
Total Investment Income (Loss)	79,968	(101,140)	28,603	30,380	(34,532)	(114,500)	n/m
Interest Income and Dividend Revenue	3,197	3,396	3,651	2,420	3,114	(83)	(3)%
Other	665	141	193	(215)	562	(103)	(15)%
Total Revenues	399,403	(285,117)	190,885	170,673	11,786	(387,617)	(97)%
Expenses							
Compensation	64,633	52,388	45,611	52,547	53,775	(10,858)	(17)%
Performance Fee Compensation							
Realized Carried Interest	49	(2,443)	(3,859)	320	804	755	n/m
Unrealized Carried Interest	29,309	(44,955)	7,953	(1,052)	(8,259)	(37,568)	n/m
Total Compensation and Benefits	93,991	4,990	49,705	51,815	46,320	(47,671)	(51)%
Other Operating Expenses	30,124	27,588	34,493	28,881	30,521	397	1%
Total Expenses	124,115	32,578	84,198	80,696	76,841	(47,274)	(38)%
Economic Income (Loss)	\$ 275,288	\$ (317,695)	\$ 106,687	\$ 89,977	\$ (65,055)	\$ (340,343)	n/m
Total Assets Under Management	46,728,301	42,967,159	45,863,673	47,624,013	46,633,552	(94,749)	(0)%
Fee-Earning Assets Under Management	35,778,240	37,006,024	37,237,791	37,323,635	37,159,452	1,381,212	4%
Weighted Average Fee-Earning AUM	35,734,164	36,670,087	37,147,118	37,491,735	37,434,520	1,700,356	5%
LP Capital Invested	667,341	1,377,715	1,093,745	643,044	102,899	(564,442)	(85)%
Total Capital Invested	697,543	1,458,103	1,563,912	680,035	108,977	(588,566)	(84)%

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

(2) Primarily placement fees.

Real Estate

(Dollars in Thousands)	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12	2Q'12 vs. 2Q'11	
						\$	%
Revenues							
Management Fees, Net							
Base Management Fees	\$ 97,467	\$ 97,925	\$ 103,947	\$ 147,802	\$ 127,817	\$ 30,350	31%
Transaction and Other Fees, Net ⁽¹⁾	49,288	19,551	19,128	14,412	25,151	(24,137)	(49)%
Management Fee Offsets ⁽²⁾	(745)	(880)	(2,820)	(8,627)	(5,357)	(4,612)	n/m
Total Management Fees, Net	146,010	116,596	120,255	153,587	147,611	1,601	1%
Performance Fees							
Realized Carried Interest	11,798	5,137	3,538	8,617	13,539	1,741	15%
Realized Incentive Fees	9,034	171	202	(1)	7,766	(1,268)	(14)%
Unrealized Carried Interest	433,280	(119,192)	237,884	221,500	144,510	(288,770)	(67)%
Unrealized Incentive Fees	(3,822)	(984)	1,806	7,914	(1,526)	2,296	60%
Total Performance Fees	450,290	(114,868)	243,430	238,030	164,289	(286,001)	(64)%
Investment Income (Loss)							
Realized	11,394	7,313	6,346	7,812	9,067	(2,327)	(20)%
Unrealized	37,332	(26,060)	19,970	25,912	14,944	(22,388)	(60)%
Total Investment Income (Loss)	48,726	(18,747)	26,316	33,724	24,011	(24,715)	(51)%
Interest Income and Dividend Revenue	2,989	3,195	3,430	2,552	3,277	288	10%
Other	515	(1,390)	(1,046)	(709)	(590)	(1,105)	n/m
Total Revenues	648,530	(15,214)	392,385	427,184	338,598	(309,932)	(48)%
Expenses							
Compensation	70,651	54,986	53,507	68,889	76,576	5,925	8%
Performance Fee Compensation							
Realized Carried Interest	5,095	2,169	1,713	4,077	3,401	(1,694)	(33)%
Realized Incentive Fees	4,287	82	91	2	3,871	(416)	(10)%
Unrealized Carried Interest	92,392	(30,076)	57,866	54,275	31,677	(60,715)	(66)%
Unrealized Incentive Fees	(1,371)	(434)	(632)	3,768	(629)	742	54%
Total Compensation and Benefits	171,054	26,727	112,545	131,011	114,896	(56,158)	(33)%
Other Operating Expenses	22,971	23,495	29,027	28,924	26,560	3,589	16%
Total Expenses	194,025	50,222	141,572	159,935	141,456	(52,569)	(27)%
Economic Income (Loss)	\$ 454,505	\$ (65,436)	\$ 250,813	\$ 267,249	\$ 197,142	\$ (257,363)	(57)%
Total Assets Under Management	37,605,560	40,709,500	42,852,669	48,322,760	50,225,950	12,620,390	34%
Fee-Earning Assets Under Management	27,919,000	29,981,920	31,236,540	36,647,462	38,476,123	10,557,123	38%
Weighted Average Fee-Earning AUM	26,747,354	28,701,420	31,474,333	35,983,336	36,882,087	10,134,733	38%
LP Capital Invested	2,785,188	1,706,157	995,643	1,143,555	1,855,109	(930,079)	(33)%
Total Capital Invested	2,938,859	1,805,654	1,064,690	1,172,883	1,954,731	(984,128)	(33)%

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

(2) Primarily placement fees.

Hedge Fund Solutions

(Dollars in Thousands)	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12	2Q'12 vs. 2Q'11	
						\$	%
Revenues							
Management Fees, Net							
Base Management Fees	\$ 79,290	\$ 79,355	\$ 81,606	\$ 81,821	\$ 84,278	\$ 4,988	6%
Transaction and Other Fees, Net ⁽¹⁾	861	740	470	92	65	(796)	(92)%
Management Fee Offsets ⁽²⁾	(196)	(258)	(402)	(335)	(375)	(179)	(91)%
Total Management Fees, Net	79,955	79,837	81,674	81,578	83,968	4,013	5%
Performance Fees							
Realized Incentive Fees	667	5,764	4,148	3,298	1,175	508	76%
Unrealized Incentive Fees	3,441	(19,861)	(2,059)	23,187	(10,981)	(14,422)	n/m
Total Performance Fees	4,108	(14,097)	2,089	26,485	(9,806)	(13,914)	n/m
Investment Income (Loss)							
Realized	12,855	1,023	2,503	503	929	(11,926)	(93)%
Unrealized	(12,864)	(10,034)	(3,253)	8,371	(3,636)	9,228	72%
Total Investment Income (Loss)	(9)	(9,011)	(750)	8,874	(2,707)	(2,698)	n/m
Interest Income and Dividend Revenue	472	500	537	386	495	23	5%
Other	(38)	18	7,818	(127)	27	65	n/m
Total Revenues	84,488	57,247	91,368	117,196	71,977	(12,511)	(15)%
Expenses							
Compensation	31,674	30,667	38,525	28,233	34,559	2,885	9%
Performance Fee Compensation							
Realized Incentive Fees	253	2,257	688	1,378	(345)	(598)	n/m
Unrealized Incentive Fees	2,955	(7,214)	(865)	7,294	(2,820)	(5,775)	n/m
Total Compensation and Benefits	34,882	25,710	38,348	36,905	31,394	(3,488)	(10)%
Other Operating Expenses	16,075	14,421	21,568	13,934	14,506	(1,569)	(10)%
Total Expenses	50,957	40,131	59,916	50,839	45,900	(5,057)	(10)%
Economic Income	\$ 33,531	\$ 17,116	\$ 31,452	\$ 66,357	\$ 26,077	\$ (7,454)	(22)%
Total Assets Under Management	40,578,219	40,373,092	40,534,768	43,351,275	42,888,946	2,310,727	6%
Fee-Earning Assets Under Management	37,244,509	37,231,013	37,819,636	40,543,772	40,161,179	2,916,670	8%
Weighted Average Fee-Earning AUM	36,993,058	37,658,240	38,452,740	39,904,474	40,528,701	3,535,643	10%
LP Capital Invested	49,409	354,971	288,237	4,661	-	(49,409)	(100)%
Total Capital Invested	55,393	375,000	304,500	5,502	-	(55,393)	(100)%

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

(2) Primarily placement fees.

Credit Businesses

(Dollars in Thousands)	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12	2Q'12 vs. 2Q'11	
						\$	%
Revenues							
Management Fees, Net							
Base Management Fees	\$ 57,420	\$ 59,557	\$ 66,969	\$ 80,094	\$ 81,774	\$ 24,354	42%
Transaction and Other Fees, Net ⁽¹⁾	849	(26)	312	5,725	9,184	8,335	n/m
Management Fee Offsets ⁽²⁾	(105)	(67)	(200)	(306)	(1,569)	(1,464)	n/m
Total Management Fees, Net	58,164	59,464	67,081	85,513	89,389	31,225	54%
Performance Fees							
Realized Carried Interest	29,592	3,196	37,241	1,010	13,609	(15,983)	(54)%
Realized Incentive Fees	7,762	11,595	47,487	1,982	2,751	(5,011)	(65)%
Unrealized Carried Interest	(9,313)	6,257	(10,499)	43,245	27,673	36,986	n/m
Unrealized Incentive Fees	2,067	(61,382)	(17,183)	37,020	(4,567)	(6,634)	n/m
Total Performance Fees	30,108	(40,334)	57,046	83,257	39,466	9,358	31%
Investment Income (Loss)							
Realized	3,236	2,807	4,021	683	5,638	2,402	74%
Unrealized	5,437	(7,800)	(2,877)	9,211	(9,156)	(14,593)	n/m
Total Investment Income (Loss)	8,673	(4,993)	1,144	9,894	(3,518)	(12,191)	n/m
Interest Income and Dividend Revenue	902	1,404	610	2,425	1,752	850	94%
Other	(47)	(132)	(772)	(238)	(787)	(740)	n/m
Total Revenues	97,800	15,409	125,109	180,851	126,302	28,502	29%
Expenses							
Compensation	33,071	40,533	25,435	37,143	42,845	9,774	30%
Performance Fee Compensation							
Realized Carried Interest	13,531	(1,561)	15,352	3,541	3,694	(9,837)	(73)%
Realized Incentive Fees	4,496	10,039	32,745	2,872	2,049	(2,447)	(54)%
Unrealized Carried Interest	2,012	908	(3,420)	31,320	13,397	11,385	n/m
Unrealized Incentive Fees	(7,200)	(29,664)	(12,904)	1,717	(6,147)	1,053	15%
Total Compensation and Benefits	45,910	20,255	57,208	76,593	55,838	9,928	22%
Other Operating Expenses	10,226	11,210	13,162	17,096	15,749	5,523	54%
Total Expenses	56,136	31,465	70,370	93,689	71,587	15,451	28%
Economic Income (Loss)	\$ 41,664	\$ (16,056)	\$ 54,739	\$ 87,162	\$ 54,715	\$ 13,051	31%
Total Assets Under Management	33,791,093	33,648,697	36,977,394	50,776,119	50,519,383	16,728,290	50%
Fee-Earning Assets Under Management	28,059,457	28,715,420	30,462,786	41,746,577	41,849,767	13,790,310	49%
Weighted Average Fee-Earning AUM	27,161,734	28,429,249	29,802,567	40,974,525	41,581,436	14,419,702	53%
LP Capital Invested	152,882	1,314,318	1,028,639	928,173	445,616	292,734	n/m
Total Capital Invested	164,376	1,373,505	1,059,386	948,466	461,940	297,564	n/m

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

(2) Primarily placement fees.

Financial Advisory

(Dollars in Thousands)	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12	2Q'12 vs. 2Q'11	
						\$	%
Revenues							
Advisory Fees	\$ 102,243	\$ 86,178	\$ 123,567	\$ 75,846	\$ 93,372	\$ (8,871)	(9)%
Transaction and Other Fees, Net	210	98	7	145	102	(108)	(51)%
Total Advisory and Transaction Fees	102,453	86,276	123,574	75,991	93,474	(8,979)	(9)%
Investment Income (Loss)							
Realized	226	(44)	315	583	(79)	(305)	n/m
Unrealized	(15)	(171)	97	(49)	561	576	n/m
Total Investment Income (Loss)	211	(215)	412	534	482	271	n/m
Interest Income and Dividend Revenue	1,723	1,615	1,775	1,562	1,753	30	2%
Other	33	(304)	(498)	82	(40)	(73)	n/m
Total Revenues	104,420	87,372	125,263	78,169	95,669	(8,751)	(8)%
Expenses							
Compensation	72,363	59,633	62,360	67,960	61,129	(11,234)	(16)%
Total Compensation and Benefits	72,363	59,633	62,360	67,960	61,129	(11,234)	(16)%
Other Operating Expenses	19,967	20,218	23,822	20,686	25,702	5,735	29%
Total Expenses	92,330	79,851	86,182	88,646	86,831	(5,499)	(6)%
Economic Income (Loss)	\$ 12,090	\$ 7,521	\$ 39,081	\$ (10,477)	\$ 8,838	\$ (3,252)	(27)%

Fee-Earning AUM Net Flows

- ▶ Fee-Earning AUM was up \$1.4 billion from last quarter and up \$28.6 billion or 22% from last year despite market losses and the negative impact of foreign currency translation.
- ▶ Real Estate up 38% over the last year, including capital committed to our latest global buyout fund.
- ▶ Hedge Fund Solutions continued its solid growth with just under \$8 billion of gross inflows over the last twelve months.
- ▶ Credit Businesses' strong growth continued, up 49% from the same period last year, including \$9.4 billion related to the first quarter 2012 acquisition of Harbourmaster.

2Q'12 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit Businesses	Total
1Q'12	\$ 37,324	\$ 36,647	\$ 40,544	\$ 41,747	\$ 156,261
Inflows (1)	299	2,499	1,219	1,760	5,777
Outflows (2)	-	(61)	(775)	(825)	(1,662)
Realizations (3)	(456)	(447)	n/a	(133)	(1,036)
Net Inflows / (Outflows)	(157)	1,991	444	801	3,079
Market Activity (4)	(7)	(162)	(826)	(698)	(1,694)
2Q'12	\$ 37,159	\$ 38,476	\$ 40,161	\$ 41,850	\$ 157,647
QoQ Inc / (Dec)	(0)%	5%	(1)%	0%	1%

LTM Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit Businesses	Total
2Q'11	\$ 35,778	\$ 27,919	\$ 37,245	\$ 28,059	\$ 129,001
Inflows (1)	2,807	14,471	7,689	18,904	43,871
Outflows (2)	(320)	(1,895)	(3,466)	(3,495)	(9,175)
Realizations (3)	(1,069)	(1,532)	n/a	(1,092)	(3,693)
Net Inflows	1,418	11,044	4,223	14,318	31,003
Market Activity (4)	(37)	(487)	(1,306)	(527)	(2,358)
2Q'12	\$ 37,159	\$ 38,476	\$ 40,161	\$ 41,850	\$ 157,647
YoY Inc	4%	38%	8%	49%	22%

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

(2) Outflows: represent redemptions, client withdrawals and decreases in available capital

(3) Realizations: represent realizations from the disposition of assets

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

Total AUM Net Flows

- ▶ Total AUM roughly flat from last quarter and up \$31.6 billion or 20% from last year despite the negative impact of foreign currency translation.
- ▶ Private Equity market appreciation down \$1.9 billion over the last year, driven by negative performance of our public portfolio.
- ▶ Real Estate market appreciation up \$2.9 billion over the last year as fundamentals continue to improve.
- ▶ Credit Businesses' strong growth continued, up 50% from the same period last year including the final closing of its latest \$4 billion Mezzanine fund and \$9.6 billion related to the first quarter 2012 acquisition of Harbourmaster.

2Q'12 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit Businesses	Total
1Q'12	\$ 47,624	\$ 48,323	\$ 43,351	\$ 50,776	\$ 190,074
Inflows (1)	860	1,946	1,231	1,621	5,658
Outflows (2)	(2)	(69)	(823)	(1,170)	(2,064)
Realizations (3)	(403)	(861)	n/a	(188)	(1,452)
Net Inflows	455	1,016	407	264	2,142
Market Activity (4)	(1,445)	887	(870)	(520)	(1,948)
2Q'12	\$ 46,634	\$ 50,226	\$ 42,889	\$ 50,519	\$ 190,268
QoQ Inc / (Dec)	(2)%	4%	(1)%	(1)%	0%

LTM Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit Businesses	Total
2Q'11	\$ 46,728	\$ 37,606	\$ 40,578	\$ 33,791	\$ 158,703
Inflows (1)	5,457	12,656	7,360	22,608	48,080
Outflows (2)	(15)	(269)	(3,720)	(4,290)	(8,294)
Realizations (3)	(3,589)	(2,626)	n/a	(1,394)	(7,609)
Net Inflows	1,853	9,760	3,640	16,923	32,177
Market Activity (4)	(1,948)	2,860	(1,329)	(195)	(612)
2Q'12	\$ 46,634	\$ 50,226	\$ 42,889	\$ 50,519	\$ 190,268
YoY Inc / (Dec)	(0)%	34%	6%	50%	20%

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

(2) Outflows: represent redemptions, client withdrawals and decreases in available capital

(3) Realizations: represent realizations from the disposition of assets

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

Net Accrued Performance Fees⁽¹⁾

- ▶ Blackstone had \$1.8 billion of accrued performance fees, net of compensation, as of the end of the second quarter.

(Dollars in Millions, Except per Unit Data)	Net Accrued Performance Fees ^{(2) (3)}			
	1Q'12	2Q'12	Per Unit ⁽⁴⁾	Change vs. 1Q'12
Private Equity				
BCP IV Carried Interest	\$ 586	\$ 532	\$ 0.48	\$ (54)
Other Carried Interest	-	1	0.00	1
Total Private Equity	586	533	0.48	(53)
Real Estate				
BREP V Carried Interest	314	377	0.34	63
BREP VI Carried Interest	496	530	0.48	34
BREP VII Carried Interest	15	22	0.02	7
BREP Int'l I Carried Interest	9	7	0.01	(2)
BREP EU III Carried Interest	39	53	0.05	14
BREDS Carried Interest	17	15	0.01	(2)
BREDS Incentive Fees	4	4	0.00	-
Asia Platform Incentive Fees	24	27	0.02	3
Total Real Estate	918	1,035	0.93	117
Hedge Fund Solutions				
Incentive Fees	21	12	0.01	(9)
Total Hedge Fund Solutions	21	12	0.01	(9)
Credit Businesses				
Carried Interest	95	106	0.10	11
Incentive Fees	74	70	0.06	(4)
Total Credit Businesses	169	176	0.16	7
Total Blackstone				
Carried Interest	1,571	1,643	1.48	72
Incentive Fees	123	113	0.10	(10)
Performance Fees	\$ 1,694	\$ 1,756	\$ 1.58	\$ 62

(1) Preliminary.

(2) Net Accrued Performance Fees are presented net of compensation and do not include clawback amounts, if any, which are disclosed in the 10-Q/K.

(3) Private Equity and Real Estate include Co-Investments.

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

Investment Records as of June 30, 2012⁽¹⁾

(Dollars in Thousands, Except Where Noted)	Committed Capital	Available Capital ⁽²⁾	Unrealized Investments			Realized Investments		Total Investments		Net IRRs ⁽⁴⁾	
			Value	MOIC ⁽³⁾	% Public	Value	MOIC ⁽³⁾	Value	MOIC ⁽³⁾	Realized	Total
Private Equity											
BCP I (Oct 1987 / Oct 1993)	\$ 859,081	\$ -	\$ -	n/a	-	\$ 1,741,738	2.6x	\$ 1,741,738	2.6x	19%	19%
BCP II (Oct 1993 / Aug 1997)	1,361,100	-	-	n/a	-	3,256,351	2.5x	3,256,351	2.5x	32%	32%
BCP III (Aug 1997 / Nov 2002)	3,973,378	167,776	20,150	0.5x	100%	9,160,904	2.3x	9,181,054	2.3x	14%	14%
Non-Contributed Funds	6,193,559	167,776	20,150	0.5x	100%	14,158,993	2.4x	14,179,143	2.4x	19%	19%
BCOM (Jun 2000 / Jun 2006)	2,137,330	202,433	420,861	0.5x	49%	2,407,519	1.8x	2,828,380	1.3x	18%	6%
BCP IV (Nov 2002 / Dec 2005)	6,773,138	293,165	4,966,740	1.7x	62%	14,253,335	3.1x	19,220,075	2.6x	60%	37%
BCP V (Dec 2005 / Jan 2011)	20,995,132	1,249,114	17,791,758	1.0x	16%	3,481,145	1.7x	21,272,904	1.1x	31%	1%
BCP VI (Jan 2011 / Jan 2016) ⁽⁵⁾	15,219,872	12,273,206	1,738,542	1.0x	2%	n/a	n/a	1,738,542	1.0x	n/a	n/m
BEP (Aug 2011 / Aug 2017) ⁽⁵⁾	1,493,971	595,115	349,006	1.0x	-	n/a	n/a	349,006	1.0x	n/a	n/m
Contributed Funds	46,619,443	14,613,033	25,266,907	1.1x	24%	20,141,999	2.5x	45,408,907	1.4x	44%	10%
Total Private Equity	\$ 52,813,002	\$ 14,780,809	\$ 25,287,057	1.1x	24%	\$ 34,300,992	2.5x	\$ 59,588,050	1.6x	23%	14%
Real Estate											
Dollar											
Pre-BREP	\$ 140,714	\$ -	\$ -	n/m	-	\$ 345,190	2.5x	\$ 345,190	2.5x	33%	33%
BREP I (Sep 1994 / Oct 1996)	380,708	-	-	n/m	-	1,327,708	2.8x	1,327,708	2.8x	40%	40%
BREP II (Oct 1996 / Mar 1999)	1,198,339	-	-	n/m	-	2,524,866	2.1x	2,524,866	2.1x	19%	19%
BREP III (Apr 1999 / Apr 2003)	1,522,708	-	2,161	0.1x	-	3,323,362	2.4x	3,325,523	2.3x	22%	21%
Non-Contributed Funds	3,242,469	-	2,161	0.1x	-	7,521,126	2.3x	7,523,287	2.3x	25%	25%
BREP IV (Apr 2003 / Dec 2005)	2,198,694	-	1,336,058	0.8x	6%	2,856,053	2.5x	4,192,111	1.5x	82%	14%
BREP V (Dec 2005 / Feb 2007)	5,538,579	243,769	6,967,522	1.5x	-	2,013,265	1.8x	8,980,787	1.6x	90%	9%
BREP VI (Feb 2007 / Aug 2011)	11,055,826	863,812	14,483,754	1.4x	5%	839,657	2.0x	15,323,411	1.4x	42%	9%
BREP VII (Aug 2011 / Feb 2017) ⁽⁶⁾	11,095,933	9,024,471	2,510,074	1.1x	-	122,580	1.2x	2,632,654	1.1x	81%	33%
BREDS Drawdown (Various)	2,707,949	736,212	2,220,735	1.1x	-	807,258	1.3x	3,027,993	1.2x	23%	13%
BREP Co-Investment (Various) ⁽⁷⁾	-	-	3,782,359	1.4x	1%	424,343	1.3x	4,206,702	1.4x	10%	11%
Contributed Funds	32,596,981	10,868,264	31,300,502	1.3x	2%	7,063,156	1.9x	38,363,658	1.4x	34%	10%
Total Dollar	\$ 35,839,450	\$ 10,868,264	\$ 31,302,663	1.3x	2%	\$ 14,584,282	2.1x	\$ 45,886,945	1.5x	27%	15%
Euro											
BREP Int'l (Jan 2001 / Sep 2005)	€ 824,172	€ -	€ 106,093	1.1x	-	€ 1,223,776	2.2x	€ 1,329,869	2.0x	26%	23%
BREP Int'l II (Sep 2005 / Jun 2008)	1,626,942	82,162	1,150,816	0.9x	-	172,038	1.5x	1,322,854	1.0x	16%	(3)%
BREP Europe III (Jun 2008 / Dec 2013)	3,194,504	2,165,390	1,620,362	1.5x	-	15,712	2.8x	1,636,074	1.5x	49%	22%
Total Euro	€ 5,645,618	€ 2,247,552	€ 2,877,271	1.2x	-	€ 1,411,526	2.1x	€ 4,288,797	1.4x	25%	8%
Total Real Estate	\$ 42,958,303	\$ 13,720,124	\$ 34,924,920	1.3x	2%	\$ 16,325,236	2.1x	\$ 51,250,156	1.5x	27%	14%
Credit Businesses											
Mezzanine (Jul 2007 / Jul 2012)	\$ 6,120,000	\$ 3,264,616	\$ 3,759,438	1.2x	-	\$ 1,433,168	1.6x	\$ 5,192,605	1.3x	n/a	17%
Rescue Lending (May 2009 / May 2013)	3,253,143	1,325,640	2,519,227	1.2x	-	1,079,902	1.1x	3,599,129	1.2x	n/a	13%
Total Credit Businesses	\$ 9,373,143	\$ 4,590,256	\$ 6,278,665	1.2x	-	\$ 2,513,070	1.4x	\$ 8,791,734	1.2x	n/a	n/a

Notes on next page.

Investment Records as of June 30, 2012 – Notes

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

n/m Not meaningful.

n/a Not applicable.

(1) Preliminary.

(2) 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. Additionally, the Real Estate segment has \$1.2 billion of Available Capital that has been reserved for add-on investments in funds that are fully invested.

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

(4) Net Internal Rate of Return (“IRR”) represents the annualized inception to June 30, 2012 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

(5) Returns for BCP VI and BEP are not meaningful as their initial investments occurred in May 2011 and August 2011, respectively.

(6) BREP VII commenced its investment period in August 2011 and as of July 19, 2012 continues to raise capital.

(7) 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.

Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12
Net Income (Loss) Attributable to The Blackstone Group L.P.	\$ 86,237	\$ (274,567)	\$ (22,677)	\$ 58,325	\$ (74,964)
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	190,908	(402,079)	21,220	107,405	(53,027)
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	(92,408)	(265,353)	466,452	212,293	243,339
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(140)	(44,776)	(9,634)	39,609	(21,071)
Net Income (Loss)	\$ 184,597	\$ (986,775)	\$ 455,361	\$ 417,632	\$ 94,277
Provision for Taxes	64,199	(7,637)	250,299	38,753	41,337
Income (Loss) Before Provision (Benefit) for Taxes	\$ 248,796	\$ (994,412)	\$ 705,660	\$ 456,385	\$ 135,614
IPO and Acquisition-Related Charges ⁽¹⁾	430,829	264,068	147,808	244,897	268,936
Amortization of Intangibles ⁽²⁾	44,905	45,665	86,121	50,888	39,435
Income (Loss) Associated with Non-Controlling Interests in (Income) Loss of Consolidated Entities ⁽³⁾	92,548	310,129	(456,817)	(251,902)	(222,268)
Economic Income (Loss)	\$ 817,078	\$ (374,550)	\$ 482,772	\$ 500,268	\$ 221,717
Taxes ⁽⁴⁾	(12,897)	(5,449)	(14,618)	(9,051)	(9,368)
Economic Net Income (Loss)	\$ 804,181	\$ (379,999)	\$ 468,154	\$ 491,217	\$ 212,349
Taxes ⁽⁴⁾	12,897	5,449	14,618	9,051	9,368
Performance Fee Adjustment ⁽⁵⁾	(673,058)	457,279	(357,950)	(385,756)	(134,837)
Investment Income (Loss) Adjustment ⁽⁶⁾	(137,569)	134,106	(55,725)	(83,406)	16,264
Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies ⁽⁷⁾	4,038	(3,011)	2,271	6,310	1,892
Performance Fee Compensation and Benefits Adjustment ⁽⁸⁾	145,808	(100,892)	94,728	109,512	40,693
Fee Related Earnings	\$ 156,297	\$ 112,932	\$ 166,096	\$ 146,928	\$ 145,729
Realized Performance Fees ⁽⁹⁾	32,504	(2,646)	17,494	6,649	54,147
Realized Investment Income ⁽¹⁰⁾	30,732	31,647	16,697	23,492	9,360
Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies ⁽¹¹⁾	(2,343)	(309)	(2,395)	(5,897)	(1,280)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ⁽¹²⁾	(26,312)	(15,879)	(19,706)	(9,051)	(19,552)
Distributable Earnings	\$ 190,878	\$ 125,745	\$ 178,186	\$ 162,121	\$ 188,404
Interest	13,068	12,577	14,843	13,554	12,850
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ⁽¹²⁾	26,312	15,879	19,706	9,051	19,552
Depreciation and Amortization	7,837	8,325	8,451	10,268	10,391
Adjusted EBITDA	\$ 238,095	\$ 162,526	\$ 221,186	\$ 194,994	\$ 231,197

Notes on next page.

Reconciliation of GAAP to Non-GAAP Measures – Notes

Note: Prior period amounts have been adjusted to conform to the current period presentation and definitions. See also Appendix - Definitions.

- (1) 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.
- (2) 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.
- (3) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes the amount of (Income) Loss Associated with Non-Controlling Interests in (Income) Loss of Consolidated Entities and includes the amount of Management Fee Revenues associated with Consolidated CLO Entities.
- (4) Taxes represent the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes.
- (5) This adjustment removes from EI the total segment amount of Performance Fees.
- (6) This adjustment removes from EI the total segment amount of Investment Income (Loss).
- (7) This adjustment represents the realized and unrealized gain on Blackstone's Treasury cash management strategies which are a component of Investment Income (Loss) but included in Fee Related Earnings.
- (8) This adjustment removes from expenses the compensation and benefit amounts related to Blackstone's profit sharing plans related to Performance Fees.
- (9) Represents the adjustment for realized Performance Fees net of corresponding actual amounts due under Blackstone's profit sharing plans related thereto.
- (10) Represents the adjustment for Blackstone's Investment Income (Loss) - Realized.
- (11) Represents the elimination of Realized Investment Income attributable to Blackstone's Treasury cash management strategies which is a component of both Fee Related Earnings from Operations and Realized Investment Income (Loss).
- (12) Taxes and Related Payables Including Payable Under Tax Receivable Agreement represent the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes and the payable under the Tax Receivable Agreement.

Calculation of Certain Non-GAAP Financial Metric Components

(Dollars in Thousands)	2Q'12	Year-to-Date
Interest Income and Dividend Revenue	\$ 10,391	\$ 19,736
Other Revenue	(828)	(2,035)
Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies ⁽¹⁾	1,892	8,202
Interest Income and Other Revenue	\$ 11,455	\$ 25,903
Realized Incentive Fees	11,692	16,971
Less: Realized Incentive Fee Compensation	(5,575)	(9,827)
Net Realized Incentive Fees	\$ 6,117	\$ 7,144
Realized Carried Interest	55,929	69,489
Less: Realized Carried Interest Compensation	(7,899)	(15,837)
Net Realized Carried Interest	\$ 48,030	\$ 53,652
Realized Investment Income	9,360	32,852
Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies ⁽¹⁾	(1,280)	(7,177)
Realized Investment Income	\$ 8,080	\$ 25,675
Unrealized Incentive Fees	(17,074)	51,047
Less: Unrealized Incentive Fee Compensation	9,596	(3,183)
Net Unrealized Incentive Fees	\$ (7,478)	\$ 47,864
Unrealized Carried Interest	84,290	383,086
Less: Unrealized Carried Interest Compensation	(36,815)	(121,358)
Net Unrealized Carried Interest	\$ 47,475	\$ 261,728
Unrealized Investment Income	(25,624)	34,290
Less: Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies ⁽¹⁾	(1,892)	(8,202)
Less: Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies ⁽¹⁾	1,280	7,177
Unrealized Investment Income	\$ (26,236)	\$ 33,265
Related Payables⁽²⁾	\$ 10,184	\$ 10,184

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

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

(2) Represents tax related payables including the payable under the tax receivable agreement.

Unit Rollforward

	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12	YTD
Total GAAP Weighted-Average Common Units Outstanding - Basic	476,289,647	487,189,657	490,511,637	506,985,529	528,778,977	517,882,253
<i>Adjustments:</i>						
Weighted-Average Unvested Deferred Restricted Common Units	7,353,999	-	-	10,404,029	-	-
Total GAAP Weighted-Average Common Units Outstanding - Diluted	483,643,646	487,189,657	490,511,637	517,389,558	528,778,977	517,882,253
<i>Adjustments:</i>						
Weighted-Average Blackstone Holdings Partnership Units	625,526,089	616,168,175	613,105,891	602,817,069	591,155,160	596,986,114
Weighted-Average Unvested Deferred Restricted Common Units	-	7,243,768	12,469,282	-	4,820,609	7,612,319
Weighted-Average Economic Net Income Adjusted Units	1,109,169,735	1,110,601,600	1,116,086,810	1,120,206,627	1,124,754,746	1,122,480,686
Economic Net Income Adjusted Units, End of Period	1,110,129,505	1,110,027,706	1,108,034,890	1,119,829,138	1,122,067,386	1,122,067,386
Total Common Units Outstanding ⁽¹⁾	483,765,891	488,178,170	495,599,976	510,868,415	525,464,110	525,464,110
<i>Adjustments:</i>						
Blackstone Holdings Partnership Units	618,779,283	615,164,340	608,718,156	597,566,417	585,315,742	585,315,742
Distributable Earnings Units Outstanding ⁽²⁾	1,102,545,174	1,103,342,510	1,104,318,132	1,108,434,832	1,110,779,852	1,110,779,852

(1) 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 the Tax Receivable Agreement and certain other tax-related payables.

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

Definitions

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

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

Forward-Looking Statements

This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2011, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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