



Blackstone Reports Third Quarter 2012 Results

New York, October 18, 2012: Blackstone (NYSE: BX) today reported its third quarter 2012 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “In the third quarter, Blackstone continued doing what we’ve been doing for 27 years - generating compelling returns for our limited partner investors across our diversified platform. All of our investing businesses performed well in the quarter, including a 7% appreciation in our private equity funds and a 5% increase in real estate. Our experience and track record of strong performance across all of the alternative asset classes - private equity, real estate, credit and hedge funds - cannot be recreated overnight. Our investors clearly trust Blackstone to manage their capital and provide solutions to their unique needs, and we’ve continued to capture market share as a result. Over the past twelve months, we achieved gross organic inflows of \$38 billion and returned \$14 billion to our investors, driving us to record total assets under management of \$205 billion.”

Blackstone issued a full detailed presentation of its third 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 November 15, 2012. This distribution will be paid on November 30, 2012.

Quarterly Investor Call Details

Blackstone will host a conference call on October 18, 2012 at 11:00 a.m. ET to discuss third 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 641 917 52#.

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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Blackstone's Third Quarter 2012 Earnings

October 18, 2012

Blackstone's Third Quarter 2012 Highlights

- ▶ \$622 million of Economic Net Income (“ENI”) was our third best quarter since going public.
- ▶ \$1.3 billion of year-to-date ENI, a record, up 24% from the same period last year.
- ▶ GAAP net income was \$129 million in the quarter net of non-cash IPO related expenses.
- ▶ \$540 million of Distributable Earnings year-to-date, up 4% year-over-year.
- ▶ Total AUM grew to a record \$205 billion, up 30% year-over-year, on \$38 billion of organic inflows.
- ▶ Significant inflows into new funds and strategies continued in the third quarter:
 - Completed fundraising for our latest global real estate fund which hit its cap at \$13.3 billion.
 - Our first dedicated energy fund completed fundraising with \$2.4 billion of total commitments.
 - Hedge Fund Solutions had \$1.7 billion of net inflows during the quarter.
 - Credit launched its third closed-end fund and priced two new CLOs raising nearly \$2 billion.
 - \$36 billion of committed undrawn capital (“dry powder”) at the end of the third quarter.
- ▶ Announced agreement to acquire Capital Trust’s asset management platform (\$2.4 billion of AUM).

Blackstone's Third Quarter 2012 Earnings

(Dollars in Thousands, Except per Unit Data)	3Q'11	3Q'12	% Change vs. 3Q'11	YTD'11	YTD'12	% Change vs. YTD'11
Fee Revenues	\$ 451,082	\$ 509,192	13%	\$ 1,412,469	\$ 1,539,862	9%
Performance Fees	(457,279)	602,999	n/m	816,576	1,123,592	38%
Investment Income (Loss)	(134,106)	107,432	n/m	129,539	174,574	35%
Total Revenues	\$ (140,303)	\$ 1,219,623	n/m	\$ 2,358,584	\$ 2,838,028	20%
Total Expenses	234,247	586,614	150%	1,256,385	1,483,034	18%
Taxes	5,449	11,257	107%	31,145	29,676	(5)%
Economic Net Income (Loss) ("ENI")^(a)	\$ (379,999)	\$ 621,752	n/m	\$ 1,071,054	\$ 1,325,318	24%
<i>ENI per Unit^(b)</i>	<i>\$ (0.34)</i>	<i>\$ 0.55</i>	<i>n/m</i>	<i>\$ 0.96</i>	<i>\$ 1.18</i>	<i>23%</i>
GAAP Net Income (Loss)	\$ (274,567)	\$ 128,824	n/m	\$ (145,626)	\$ 112,185	n/m
Fee Related Earnings ("FRE")	\$ 112,932	\$ 135,052	20%	\$ 380,397	\$ 427,709	12%
Distributable Earnings ("DE")	\$ 125,745	\$ 189,635	51%	\$ 518,538	\$ 540,160	4%
<i>DE per Common Unit^(c)</i>	<i>\$ 0.10</i>	<i>\$ 0.15</i>	<i>50%</i>	<i>\$ 0.44</i>	<i>\$ 0.46</i>	<i>5%</i>
Total Assets Under Management	\$157,698,448	\$204,551,572	30%	\$157,698,448	\$204,551,572	30%
Fee-Earning Assets Under Management	\$132,934,377	\$168,630,082	27%	\$132,934,377	\$168,630,082	27%

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

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

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

(c) 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)

	3Q'12		YTD'12			
	Results	Per Unit ^(a)	Results	Per Unit ^(a)		
▶ Base Management Fees	\$ 398,088		\$ 1,174,938		Fee Earnings	Distributable Earnings
▶ Transaction and Other Fees, Net	45,126		133,050			
▶ Advisory Fees	59,951		229,169			
▶ Management Fee Offsets	(8,454)		(29,477)			
▶ Interest Income and Other Revenue	27,358		53,261			
▶ Compensation	(259,561)		(783,217)			
▶ Other Operating Expenses	(127,456)		(350,015)			
Fee Related Earnings	\$ 135,052	\$ 0.12	\$ 427,709	\$ 0.38		
▶ Net Realized Incentive Fees	7,163		14,307		Distributable Earnings	Economic Net Income
▶ Net Realized Carried Interest	61,742		115,394			
▶ Realized Investment Income	16,847		42,522			
▶ Taxes and Related Payables	(31,169)		(59,772)			
Distributable Earnings	\$ 189,635	\$ 0.15	\$ 540,160	\$ 0.46		
▶ Net Unrealized Incentive Fees	59,895		107,759			
▶ Net Unrealized Carried Interest	274,602		536,330			
▶ Unrealized Investment Income	77,708		110,973			
▶ Add Back: Related Payables	19,912		30,096			
Economic Net Income	\$ 621,752	\$ 0.55	\$ 1,325,318	\$ 1.18		

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

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

Private Equity

- ▶ Revenues were up substantially year-over-year driven by an increase in Performance Fees and Investment Income.
 - Overall carrying value of assets was up 7.1% for the quarter with appreciation across all contributed funds.
 - Improved market conditions drove the segment's public holdings up 15.1% for the quarter, while private holdings also increased 3.2%.
 - Significant Performance Fees were driven by BCP IV and our recent funds BCP VI and Blackstone Energy Partners ("BEP") which are also now both above their hurdle rates and generating performance fees.
- ▶ Invested \$1.4 billion of total capital with an additional \$907 million committed but not yet invested during the quarter, bringing year-to-date total capital invested and committed to \$3.7 billion.
- ▶ Returned \$285 million of capital to investors during the quarter at an average 4.5x Multiple of Invested Capital.
- ▶ BEP, our first ever dedicated energy fund, completed its fundraising with total fund commitments of \$2.4 billion.
- ▶ Raised \$1.4 billion for our new tactical opportunities fund and have commenced active marketing.

(Dollars in Thousands)	3Q'11	3Q'12	% Change vs. 3Q'11	YTD'11	YTD'12	% Change vs. YTD'11
Fee Revenues	\$ 104,003	\$ 116,125	12%	\$ 346,590	\$ 323,864	(7)%
Performance Fees	(287,980)	160,338	n/m	15,498	139,210	n/m
Investment Income (Loss)	(101,140)	50,456	n/m	25,861	46,304	79%
Total Revenues	(285,117)	326,919	n/m	387,949	509,378	31%
Compensation	52,388	62,424	19%	171,945	168,746	(2)%
Performance Fee Compensation	(47,398)	44,276	n/m	(4,858)	36,089	n/m
Other Operating Expenses	27,588	30,944	12%	86,425	90,346	5%
Total Expenses	32,578	137,644	n/m	253,512	295,181	16%
Economic Income (Loss)	\$ (317,695)	\$ 189,275	n/m	\$ 134,437	\$ 214,197	59%
Total AUM	\$ 42,967,159	\$ 50,222,312	17%	\$ 42,967,159	\$ 50,222,312	17%
Fee-Earning AUM	\$ 37,006,024	\$ 38,505,497	4%	\$ 37,006,024	\$ 38,505,497	4%

7.1%

3Q'12 Increase in Fund Carrying Value

17%

Increase in Total AUM since 3Q'11

\$591 million

Net Accrued Performance Fees at 3Q'12

Real Estate

- ▶ Revenues for the quarter were up materially from last year driven by a significant increase in Performance Fees reflecting the continued improvement of operating fundamentals across our office, retail and hotel portfolios.
 - Real Estate investments of \$34.0 billion were up 4.9% for the quarter and 11.6% year-to-date.
 - Debt Strategies drawdown funds (\$2.3 billion) were up 5.1% for the quarter and 11.6% year-to-date, while the hedge funds (\$800 million) were up 6.2% for the quarter and 14.6% year-to-date.
 - Significant performance fees generated by BREP V, VI, VII and EUR III (total \$19 billion of invested equity).
- ▶ Returned \$659 million of cash to investors during the quarter bringing year-to-date to over \$2 billion.
- ▶ Invested \$1.4 billion of total capital with an additional \$1.8 billion committed but not yet deployed at the end of the quarter, bringing year-to-date total capital deployed and committed to \$6.3 billion.
- ▶ Fundraising is complete for our most recent global real estate fund, BREP VII, with \$2.2 billion in additional commitments in the third quarter bringing total fund commitments to \$13.3 billion.
- ▶ Announced the agreement to acquire the asset management platform of Capital Trust (\$2.4 billion of AUM), a publicly traded real estate finance and investment management company.

(Dollars in Thousands)	3Q'11	3Q'12	% Change vs. 3Q'11	YTD'11	YTD'12	% Change vs. YTD'11
Fee Revenues	\$ 118,401	\$ 150,084	27%	\$ 388,540	\$ 455,812	17%
Performance Fees	(114,868)	270,569	n/m	706,119	672,888	(5)%
Investment Income (Loss)	(18,747)	44,000	n/m	94,304	101,735	8%
Total Revenues	(15,214)	464,653	n/m	1,188,963	1,230,435	3%
Compensation	54,986	71,456	30%	183,264	216,921	18%
Performance Fee Compensation	(28,259)	73,208	n/m	179,875	173,650	(3)%
Other Operating Expenses	23,495	31,284	33%	74,832	86,768	16%
Total Expenses	50,222	175,948	250%	437,971	477,339	9%
Economic Income (Loss)	\$ (65,436)	\$ 288,705	n/m	\$ 750,992	\$ 753,096	0%
Total AUM	\$ 40,709,500	\$ 53,546,023	32%	\$ 40,709,500	\$ 53,546,023	32%
Fee-Earning AUM	\$ 29,981,920	\$ 40,609,286	35%	\$ 29,981,920	\$ 40,609,286	35%

4.9%

3Q'12 Increase in Fund Carrying Value^(a)

32%

Increase in Total AUM since 3Q'11

\$1.2 billion

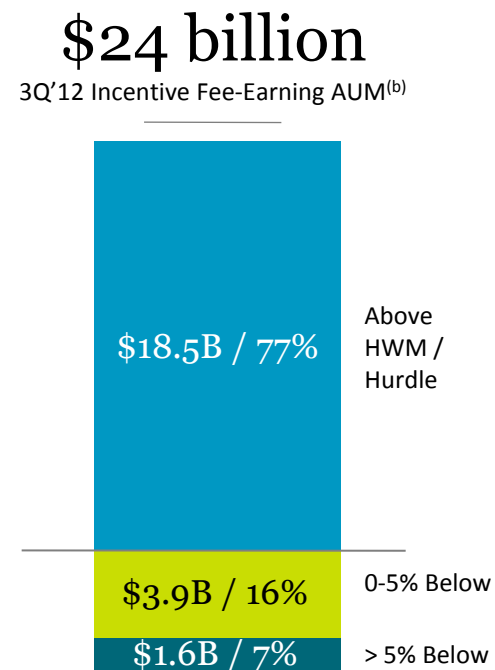
Net Accrued Performance Fees at 3Q'12

(a) BREP portfolio (including fee-paying co-invest).

Hedge Fund Solutions

- ▶ Revenues more than doubled from the year ago quarter driven by 17% Fee-Earning AUM growth and fund performance.
- ▶ Composite returns^(a) were up 3.3% net for the quarter and up 6.2% net year-to-date.
 - As of quarter-end, \$18.5 billion or 77% of Incentive Fee-Earning AUM was estimated above their respective High Water Mark and/or Hurdle, up from \$9 billion or 41% last quarter.
- ▶ Fee-Earning AUM grew 9% during the quarter and 17% over the last twelve months, driven by strong net inflows primarily in customized and commingled investment products and market appreciation.
 - Fee-Earning net inflows were \$1.7 billion for the quarter and \$3.2 billion year-to-date.
 - October 1st subscriptions of \$478 million are not included in the quarter-end Fee-Earning AUM.

(Dollars in Thousands)	3Q'11	3Q'12	% Change vs. 3Q'11	YTD'11	YTD'12	% Change vs. YTD'11
Fee Revenues	\$ 80,355	\$ 87,811	9%	\$ 237,579	\$ 254,138	7%
Performance Fees	(14,097)	39,272	n/m	10,157	55,951	n/m
Investment Income (Loss)	(9,011)	5,836	n/m	(559)	12,003	n/m
Total Revenues	57,247	132,919	132%	247,177	322,092	30%
Compensation	30,667	28,826	(6)%	90,434	91,618	1%
Performance Fee Compensation	(4,957)	9,124	n/m	3,909	14,631	274%
Other Operating Expenses	14,421	12,878	(11)%	43,504	41,318	(5)%
Total Expenses	40,131	50,828	27%	137,847	147,567	7%
Economic Income	\$ 17,116	\$ 82,091	n/m	\$ 109,330	\$ 174,525	60%
Total AUM	\$ 40,373,092	\$ 46,218,618	14%	\$ 40,373,092	\$ 46,218,618	14%
Fee-Earning AUM	\$ 37,231,013	\$ 43,601,541	17%	\$ 37,231,013	\$ 43,601,541	17%



(a) Represents the BAAM Composite which is the asset-weighted performance of BAAM's investments net of all fees, excluding BAAM's long-only platforms, seed funds and advisory relationships.

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

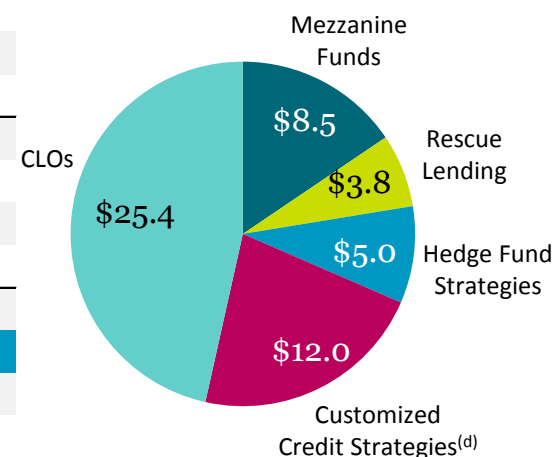
Credit

- ▶ Revenues for the quarter were up reflecting a significant increase in Performance Fees.
- ▶ Total AUM grew 8% during the quarter and 62% from the prior year to a record \$55 billion driven by new product launches, strong net inflows, market appreciation and the Harbourmaster acquisition in the first quarter.
- ▶ Fund returns remained strong across the platform despite volatile markets:
 - Hedge Funds^(a) were up 6.1% net for the quarter and up 9.2% net year-to-date.
 - Mezzanine Funds^(a) were up 7.7% net for the quarter and up 17.7% net year-to-date.
 - Rescue Lending Funds^(a) were up 4.6% net for the quarter and up 12.4% net year-to-date.
- ▶ Invested \$722 million of capital in our credit-oriented drawdown funds during the quarter, bringing year-to-date total capital invested to \$2.5 billion.
- ▶ During the quarter, Credit launched its third closed-end fund raising \$835 million of AUM and priced two new CLOs totaling over \$1 billion of AUM; net inflows over the last twelve months were \$19 billion.

(Dollars in Thousands)	3Q'11	3Q'12	% Change vs. 3Q'11	YTD'11	YTD'12	% Change vs. YTD'11
Fee Revenues	\$ 60,736	\$ 94,169	55%	\$ 175,634	\$ 272,223	55%
Performance Fees	(40,334)	132,820	n/m	84,802	255,543	201%
Investment Income (Loss)	(4,993)	5,961	n/m	9,447	12,337	31%
Total Revenues	15,409	232,950	n/m	269,883	540,103	100%
Compensation	40,533	50,236	24%	103,153	130,224	26%
Performance Fee Compensation	(20,278)	72,989	n/m	43,058	125,432	191%
Other Operating Expenses ^(b)	11,210	33,527	199%	36,793	66,372	80%
Total Expenses	31,465	156,752	n/m	183,004	322,028	76%
Economic Income (Loss)	\$ (16,056)	\$ 76,198	n/m	\$ 86,879	\$ 218,075	151%
Total AUM ^(c)	\$ 33,648,697	\$ 54,564,619	62%	\$ 33,648,697	\$ 54,564,619	62%
Fee-Earning AUM ^(c)	\$ 28,715,420	\$ 45,913,758	60%	\$ 28,715,420	\$ 45,913,758	60%

\$55 billion

3Q'12 Total AUM



Totals may not add due to rounding.

(a) Represents weighted average returns for the onshore and offshore funds (if applicable) for the respective flagship funds.

(b) 3Q'12 includes \$20 million of non-recurring business development expenses related to fundraising.

(c) 2Q'12 and 3Q'12 include AUM from the January 5, 2012 acquisition of Harbourmaster.

(d) Includes business development companies ("BDCs"), closed-end funds, commingled funds and separately managed accounts.

Financial Advisory

- ▶ Revenues were down 29% from the same quarter last year primarily from delays in deal closings, particularly in our strategic advisory business. Despite the slow quarter, activity levels remained largely in line with last year.
- ▶ Restructuring maintained its #1 ranking for worldwide completed restructurings in the Thomson Reuters league tables for the first nine months of 2012; the pipeline remains steady across a broad set of mandates with revenue up year-to-date.
- ▶ Blackstone Advisory Partners' 2012 backlog is healthy against a difficult backdrop of M&A as deal activity remained in line with 2011 levels with several high profile mandates being recently announced.
- ▶ Park Hill's pipeline remains solid as challenging fundraising market conditions are driving demand for placement services; revenues were down slightly year-over-year reflecting timing more than recurring activity levels.

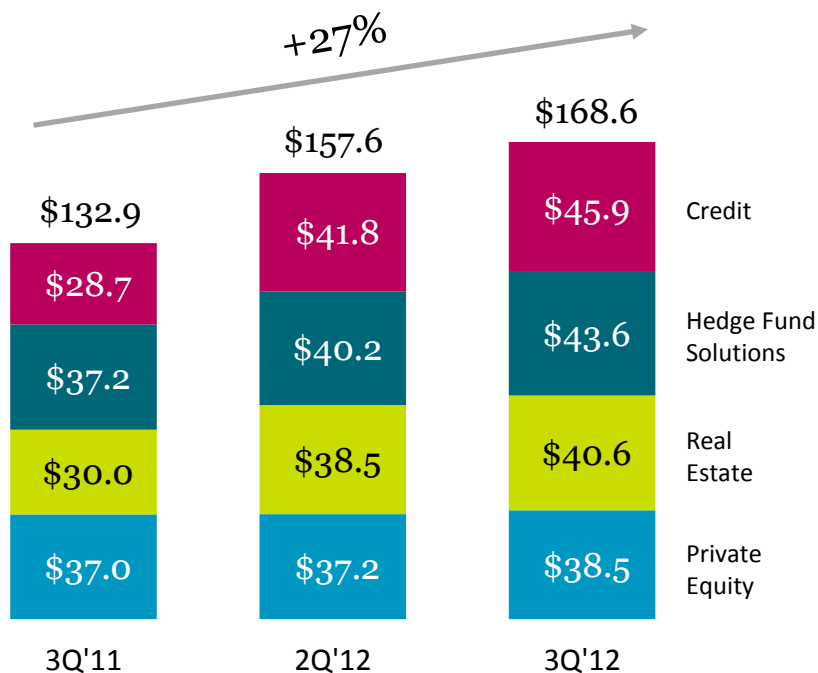
(Dollars in Thousands)	3Q'11	3Q'12	% Change vs. 3Q'11	YTD'11	YTD'12	% Change vs. YTD'11
Fee Revenues	\$ 87,587	\$ 61,003	(30)%	\$ 264,126	\$ 233,825	(11)%
Investment Income (Loss)	(215)	1,179	n/m	486	2,195	n/m
Total Revenues	87,372	62,182	(29)%	264,612	236,020	(11)%
Compensation	59,633	46,619	(22)%	186,335	175,708	(6)%
Other Operating Expenses	20,218	18,823	(7)%	57,716	65,211	13%
Total Expenses	79,851	65,442	(18)%	244,051	240,919	(1)%
Economic Income (Loss)	\$ 7,521	\$ (3,260)	n/m	\$ 20,561	\$ (4,899)	n/m

Assets Under Management

- ▶ Fee-Earning AUM grew to a record \$169 billion, up 27% in the last twelve months, as \$43 billion of gross inflows more than offset \$11 billion of capital returned to investors during the same period.
 - Including commitments, not yet earning fees, Blackstone's Fee-Earning AUM would have been \$179 billion, up 34% year-over-year.
- ▶ Total AUM increased 30% in the last twelve months to a record \$205 billion, up 8% from last quarter driven by strong organic net inflows and market appreciation across all asset management segments.

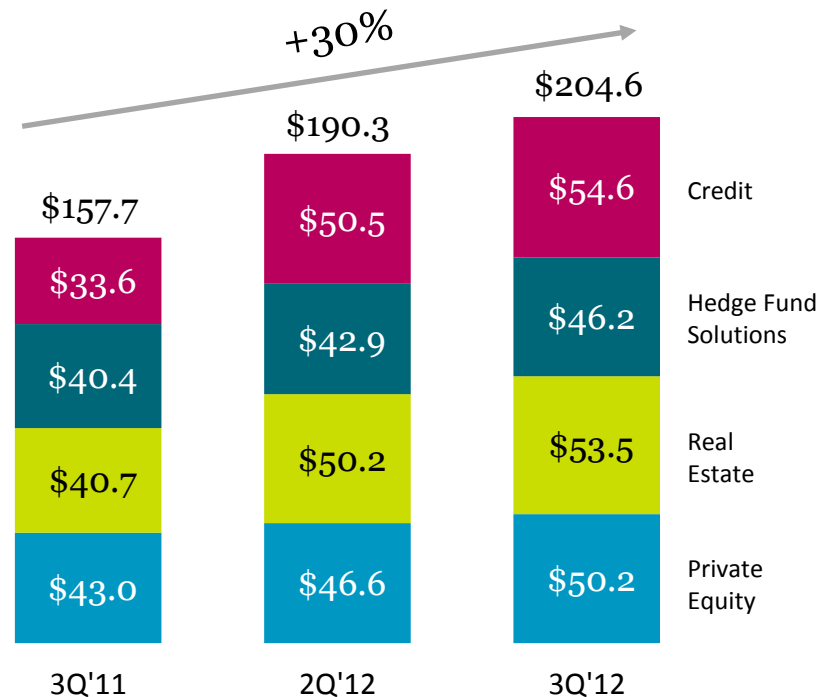
Fee-Earning AUM by Segment

(Dollars in Billions)



Total AUM by Segment

(Dollars in Billions)

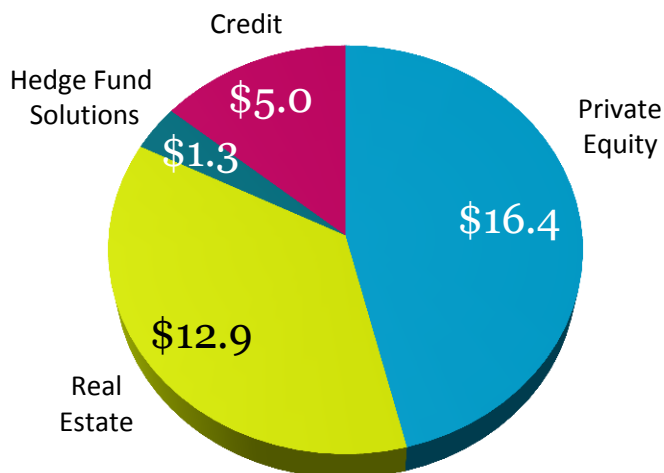


Totals may not add due to rounding.

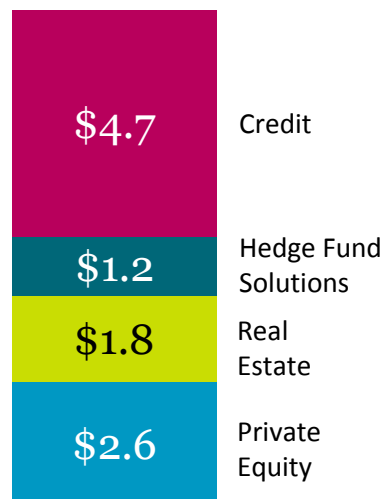
3Q'12 Available Capital Summary

- ▶ Substantial levels of committed undrawn capital (“dry powder”) with \$36 billion at the end of the third quarter.
- ▶ \$10 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 investment of capital.
- ▶ \$127 billion of Performance Fee Eligible AUM, including \$66 billion currently earning Performance Fees.

\$36 billion Dry Powder^(a)



\$10 billion Not Yet Earning Base Management Fees^(b)



\$127 billion Performance Fee Eligible AUM



(a) 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.

(b) 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 Mezzanine and Rescue Lending funds and our Hedge Fund Solutions Strategic Alliance Fund.

(c) Represents performance fee eligible Dry Powder.

Distribution Calculation

- ▶ Earned \$0.15 of Distributable Earnings per common unit during the third quarter, bringing year-to-date Distributable Earnings to \$0.46 per common unit.
- ▶ Declared a quarterly distribution of \$0.10 per common unit to record holders as of November 15, 2012; payable on November 30, 2012.
- ▶ 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)			% Change		% Change	
	3Q'11	3Q'12	vs. 3Q'11	YTD'11	YTD'12	vs. YTD'11
Distributable Earnings ("DE")	\$ 125,745	\$ 189,635	51%	\$ 518,538	\$ 540,160	4%
Add: Other Payables Attributable to Common Unitholders	10,581	20,012	89%	24,295	30,396	25%
Pre-Tax DE ^(a)	136,326	209,647	54%	542,833	570,556	5%
% to Common Unitholders	44%	48%	8%	43%	47%	9%
Pre-Tax DE Attributable to Common Unitholders	60,318	100,396	66%	235,060	269,153	15%
Less: Other Payables Attributable to Common Unitholders	(10,581)	(20,012)	(89)%	(24,295)	(30,396)	(25)%
DE Attributable to Common Unitholders	49,737	80,384	62%	210,765	238,757	13%
DE Per Common Unit^(b)	\$ 0.10	\$ 0.15	50%	\$ 0.44	\$ 0.46	5%
Less: Retained Capital per Unit ^(c)	\$ (0.02)	\$ (0.03)	(50)%	\$ (0.06)	\$ (0.08)	(33)%
Net Cash Available for Distribution Per Common Unit^(b)	\$ 0.08	\$ 0.12	50%	\$ 0.38	\$ 0.38	-
<i>Actual Distribution per Common Unit</i>	<i>\$ 0.10</i>	<i>\$ 0.10</i>	<i>-</i>	<i>\$ 0.30</i>	<i>\$ 0.30</i>	<i>-</i>

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

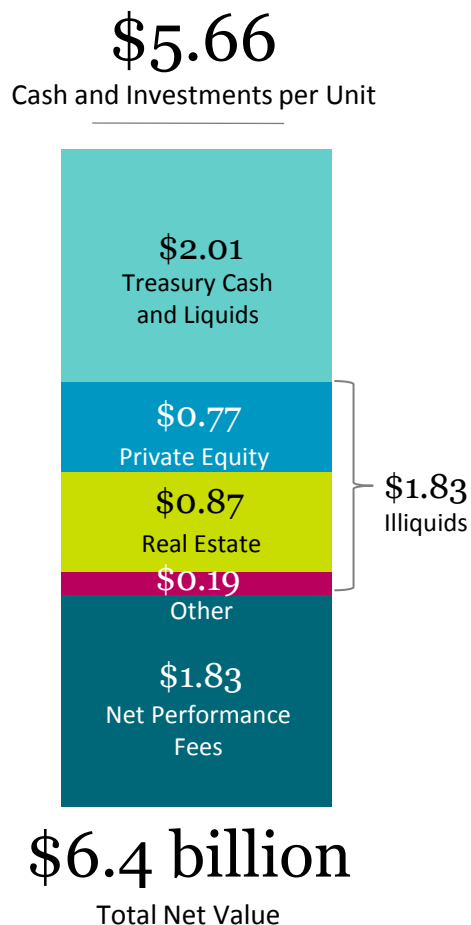
(b) Per Unit calculations are based Total Common Units Outstanding (see Appendix – Unit Rollforward); actual distributions are paid to applicable unitholders as of the record date.

(c) Retained capital is withheld pro-rata from common and Blackstone Partnership unitholders. Common unitholders' share was \$15.3 million for 3Q'12 and \$41.7 million year-to-date.

Balance Sheet Highlights^(a)

- ▶ At September 30, 2012, Blackstone had \$2.3 billion in total cash and liquid investments.
- ▶ In total, Blackstone had \$6.4 billion or \$5.66 per unit in cash and investments at quarter end.
- ▶ In August, Blackstone issued senior notes of \$400 million (4.75%) due 2023 and \$250 million (6.25%) due 2042.
- ▶ There are currently no borrowings outstanding against the \$1.1 billion revolving credit facility.

(Dollars in Millions)	3Q'12
Cash and Cash Equivalents	\$ 834
Treasury Cash Management Strategies	1,274
Liquid Investments ^(b)	143
Illiquid Investments ^(c)	2,053
Net Performance Fees	2,049
Total Net Value	\$ 6,353
Outstanding Bonds (at par) ^(d)	\$ 1,635



A/A+
rated by S&P / Fitch

\$1.1 billion
undrawn credit revolver

\$2.3 billion
total cash and liquid investments

(a) Preliminary, excludes the consolidated Blackstone funds. Totals may not add due to rounding.

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

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

(d) Senior notes of \$600 million issued August 2009 maturing on August 15, 2019 (6.625% coupon), \$400 million issued September 2010 maturing on March 15, 2021 (5.875% coupon), \$400 million issued August 2012 maturing on March 15, 2023 (4.750% coupon) and \$250 million issued August 2012 maturing on August 15, 2042 (6.250% coupon), net of \$15 million held by Blackstone.

GAAP Statement of Operations

			% Change		% Change	
(Dollars in Thousands, Except per Unit Data) (Unaudited)	3Q'11	3Q'12	vs. 3Q'11	YTD'11	YTD'12	vs. YTD'11
Revenues						
Management and Advisory Fees, Net	\$ 425,193	\$ 469,109	10%	\$ 1,335,971	\$ 1,428,833	7%
Performance Fees						
Realized Carried Interest	(9,633)	83,765	n/m	126,520	153,254	21%
Realized Incentive Fees	16,238	11,588	(29)%	38,051	28,497	(25)%
Unrealized Carried Interest	(382,949)	403,465	n/m	660,356	786,551	19%
Unrealized Incentive Fees	(79,953)	104,312	n/m	(369)	155,011	n/m
Total Performance Fees	(456,297)	603,130	n/m	824,558	1,123,313	36%
Investment Income (Loss)						
Realized	45,596	18,559	(59)%	77,682	40,652	(48)%
Unrealized	(145,990)	119,599	n/m	70,116	181,906	159%
Total Investment Income (Loss)	(100,394)	138,158	n/m	147,798	222,558	51%
Interest and Dividend Revenue	9,085	10,278	13%	27,423	27,181	(1)%
Other	(1,666)	2,415	n/m	1,721	443	(74)%
Total Revenues	(124,079)	1,223,090	n/m	2,337,471	2,802,328	20%
Expenses						
Compensation and Benefits						
Compensation	494,478	503,295	2%	1,853,393	1,531,917	(17)%
Performance Fee Compensation						
Realized Carried Interest	(1,836)	22,023	n/m	30,409	37,860	25%
Realized Incentive Fees	12,378	4,457	(64)%	22,388	14,284	(36)%
Unrealized Carried Interest	(74,123)	128,863	n/m	175,546	250,221	43%
Unrealized Incentive Fees	(37,312)	44,254	n/m	(6,358)	47,437	n/m
Total Compensation and Benefits	393,585	702,892	79%	2,075,378	1,881,719	(9)%
General, Administrative and Other	124,929	139,172	11%	380,433	417,675	10%
Interest Expense	13,785	19,074	38%	41,773	47,365	13%
Fund Expenses	8,635	(9,747)	n/m	19,045	28,243	48%
Total Expenses	540,934	851,391	57%	2,516,629	2,375,002	(6)%
Other Income (Loss)						
Net Gains (Losses) from Fund Investment Activities	(329,399)	(135,960)	59%	(449,244)	400,412	n/m
Income (Loss) Before Provision (Benefit) for Taxes	\$ (994,412)	\$ 235,739	n/m	\$ (628,402)	\$ 827,738	n/m
Provision (Benefit) for Taxes	(7,637)	39,237	n/m	95,412	119,327	25%
Net Income (Loss)	\$ (986,775)	\$ 196,502	n/m	\$ (723,814)	\$ 708,411	n/m
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(47,922)	41,854	n/m	(24,980)	78,447	n/m
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	(262,207)	(157,607)	40%	(448,753)	279,970	n/m
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	(402,079)	183,431	n/m	(104,455)	237,809	n/m
Net Income (Loss) Attributable to The Blackstone Group L.P.	\$ (274,567)	\$ 128,824	n/m	\$ (145,626)	\$ 112,185	n/m
Net Income (Loss) per Common Unit, Basic and Diluted	\$ (0.56)	\$ 0.24	n/m	\$ (0.31)	\$ 0.21	n/m

Appendix

Total Segments

(Dollars in Thousands)	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12	YTD'11	YTD'12
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 322,371	\$ 336,753	\$ 395,506	\$ 381,344	\$ 398,088	\$ 944,432	\$ 1,174,938
Advisory Fees	86,178	123,567	75,846	93,372	59,951	258,673	229,169
Transaction and Other Fees, Net ^(a)	41,793	43,796	38,471	49,453	45,126	203,717	133,050
Management Fee Offsets ^(b)	(7,703)	(8,479)	(13,050)	(7,973)	(8,454)	(24,914)	(29,477)
Total Management and Advisory Fees, Net	442,639	495,637	496,773	516,196	494,711	1,381,908	1,507,680
Performance Fees							
Realized Carried Interest	(9,633)	12,387	13,560	55,929	83,765	126,520	153,254
Realized Incentive Fees	17,530	51,837	5,279	11,692	11,620	37,192	28,591
Unrealized Carried Interest	(382,949)	311,162	298,796	84,290	403,465	660,356	786,551
Unrealized Incentive Fees	(82,227)	(17,436)	68,121	(17,074)	104,149	(7,492)	155,196
Total Performance Fees	(457,279)	357,950	385,756	134,837	602,999	816,576	1,123,592
Investment Income (Loss)							
Realized	31,647	16,697	23,492	9,360	25,098	85,878	57,950
Unrealized	(165,753)	39,028	59,914	(25,624)	82,334	43,661	116,624
Total Investment Income (Loss)	(134,106)	55,725	83,406	(16,264)	107,432	129,539	174,574
Interest Income and Dividend Revenue	10,110	10,003	9,345	10,391	12,004	28,841	31,740
Other	(1,667)	5,695	(1,207)	(828)	2,477	1,720	442
Total Revenues	(140,303)	925,010	974,073	644,332	1,219,623	2,358,584	2,838,028
Expenses							
Compensation	238,207	225,438	254,772	268,884	259,561	735,131	783,217
Performance Fee Compensation							
Realized Carried Interest	(1,835)	13,206	7,938	7,899	22,023	30,409	37,860
Realized Incentive Fees	12,378	33,524	4,252	5,575	4,457	22,388	14,284
Unrealized Carried Interest	(74,123)	62,399	84,543	36,815	128,863	175,545	250,221
Unrealized Incentive Fees	(37,312)	(14,401)	12,779	(9,596)	44,254	(6,358)	47,437
Total Compensation and Benefits	137,315	320,166	364,284	309,577	459,158	957,115	1,133,019
Other Operating Expenses	96,932	122,072	109,521	113,038	127,456	299,270	350,015
Total Expenses	234,247	442,238	473,805	422,615	586,614	1,256,385	1,483,034
Economic Income (Loss)	\$ (374,550)	\$ 482,772	\$ 500,268	\$ 221,717	\$ 633,009	\$ 1,102,199	\$ 1,354,994
Economic Net Income (Loss)	\$ (379,999)	\$ 468,154	\$ 491,217	\$ 212,349	\$ 621,752	\$ 1,071,054	\$ 1,325,318
Fee Related Earnings	\$ 112,932	\$ 166,096	\$ 146,928	\$ 145,729	\$ 135,052	\$ 380,397	\$ 427,709
Distributable Earnings	\$ 125,745	\$ 178,186	\$ 162,121	\$ 188,404	\$ 189,635	\$ 518,538	\$ 540,160
Total Assets Under Management	\$ 157,698,448	\$ 166,228,504	\$ 190,074,167	\$ 190,267,831	\$ 204,551,572	\$ 157,698,448	\$ 204,551,572
Fee-Earning Assets Under Management	\$ 132,934,377	\$ 136,756,753	\$ 156,261,446	\$ 157,646,521	\$ 168,630,082	\$ 132,934,377	\$ 168,630,082
Weighted Average Fee-Earning AUM	\$ 131,458,996	\$ 136,876,758	\$ 154,354,070	\$ 156,426,744	\$ 162,377,631	\$ 126,903,959	\$ 157,608,079
LP Capital Invested	\$ 4,753,161	\$ 3,406,264	\$ 2,719,433	\$ 2,403,623	\$ 3,085,441	\$ 10,066,631	\$ 8,208,497
Total Capital Invested	\$ 5,012,167	\$ 3,992,488	\$ 3,134,385	\$ 2,525,648	\$ 3,754,061	\$ 10,611,146	\$ 9,414,094

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

(b) Primarily placement fees.

Private Equity

(Dollars in Thousands)	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12	YTD'11	YTD'12
Revenues							
Management Fees, Net							
Base Management Fees	\$ 85,534	\$ 84,231	\$ 85,789	\$ 87,475	\$ 86,136	\$ 247,766	\$ 259,400
Transaction and Other Fees, Net ^(a)	21,430	23,879	18,097	14,951	25,693	109,125	58,741
Management Fee Offsets ^(b)	(6,498)	(5,057)	(3,782)	(672)	(767)	(22,016)	(5,221)
Total Management Fees, Net	100,466	103,053	100,104	101,754	111,062	334,875	312,920
Performance Fees							
Realized Carried Interest	(17,966)	(28,392)	3,933	28,781	31,592	65,785	64,306
Unrealized Carried Interest	(270,014)	83,777	34,051	(87,893)	128,746	(50,287)	74,904
Total Performance Fees	(287,980)	55,385	37,984	(59,112)	160,338	15,498	139,210
Investment Income (Loss)							
Realized	20,548	3,512	13,911	(6,195)	7,189	41,476	14,905
Unrealized	(121,688)	25,091	16,469	(28,337)	43,267	(15,615)	31,399
Total Investment Income (Loss)	(101,140)	28,603	30,380	(34,532)	50,456	25,861	46,304
Interest Income and Dividend Revenue	3,396	3,651	2,420	3,114	3,413	10,098	8,947
Other	141	193	(215)	562	1,650	1,617	1,997
Total Revenues	(285,117)	190,885	170,673	11,786	326,919	387,949	509,378
Expenses							
Compensation	52,388	45,611	52,547	53,775	62,424	171,945	168,746
Performance Fee Compensation							
Realized Carried Interest	(2,443)	(3,859)	320	804	1,048	5,324	2,172
Unrealized Carried Interest	(44,955)	7,953	(1,052)	(8,259)	43,228	(10,182)	33,917
Total Compensation and Benefits	4,990	49,705	51,815	46,320	106,700	167,087	204,835
Other Operating Expenses	27,588	34,493	28,881	30,521	30,944	86,425	90,346
Total Expenses	32,578	84,198	80,696	76,841	137,644	253,512	295,181
Economic Income (Loss)	\$ (317,695)	\$ 106,687	\$ 89,977	\$ (65,055)	\$ 189,275	\$ 134,437	\$ 214,197
Total Assets Under Management	\$ 42,967,159	\$ 45,863,673	\$ 47,624,013	\$ 46,633,552	\$ 50,222,312	\$ 42,967,159	\$ 50,222,312
Fee-Earning Assets Under Management	\$ 37,006,024	\$ 37,237,791	\$ 37,323,635	\$ 37,159,452	\$ 38,505,497	\$ 37,006,024	\$ 38,505,497
Weighted Average Fee-Earning AUM	\$ 36,670,087	\$ 37,147,118	\$ 37,491,735	\$ 37,434,520	\$ 38,096,139	\$ 35,731,733	\$ 37,745,618
LP Capital Invested	\$ 1,377,715	\$ 1,093,745	\$ 643,044	\$ 102,899	\$ 1,015,605	\$ 2,698,338	\$ 1,761,548
Total Capital Invested	\$ 1,458,008	\$ 1,563,912	\$ 680,035	\$ 108,977	\$ 1,427,871	\$ 2,840,345	\$ 2,216,883

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

(b) Primarily placement fees.

Real Estate

(Dollars in Thousands)	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12	YTD'11	YTD'12
Revenues							
Management Fees, Net							
Base Management Fees	\$ 97,925	\$ 103,947	\$ 147,802	\$ 127,817	\$ 135,659	\$ 290,831	\$ 411,278
Transaction and Other Fees, Net ^(a)	19,551	19,128	14,412	25,151	14,937	90,382	54,500
Management Fee Offsets ^(b)	(880)	(2,820)	(8,627)	(5,357)	(6,034)	(2,130)	(20,018)
Total Management Fees, Net	116,596	120,255	153,587	147,611	144,562	379,083	445,760
Performance Fees							
Realized Carried Interest	5,137	3,538	8,617	13,539	51,845	19,306	74,001
Realized Incentive Fees	171	202	(1)	7,766	4,879	9,427	12,644
Unrealized Carried Interest	(119,192)	237,884	221,500	144,510	207,695	675,534	573,705
Unrealized Incentive Fees	(984)	1,806	7,914	(1,526)	6,150	1,852	12,538
Total Performance Fees	(114,868)	243,430	238,030	164,289	270,569	706,119	672,888
Investment Income (Loss)							
Realized	7,313	6,346	7,812	9,067	10,324	21,626	27,203
Unrealized	(26,060)	19,970	25,912	14,944	33,676	72,678	74,532
Total Investment Income (Loss)	(18,747)	26,316	33,724	24,011	44,000	94,304	101,735
Interest Income and Dividend Revenue	3,195	3,430	2,552	3,277	3,581	9,472	9,410
Other	(1,390)	(1,046)	(709)	(590)	1,941	(15)	642
Total Revenues	(15,214)	392,385	427,184	338,598	464,653	1,188,963	1,230,435
Expenses							
Compensation	54,986	53,507	68,889	76,576	71,456	183,264	216,921
Performance Fee Compensation							
Realized Carried Interest	2,169	1,713	4,077	3,401	19,822	8,390	27,300
Realized Incentive Fees	82	91	2	3,871	2,570	4,473	6,443
Unrealized Carried Interest	(30,076)	57,866	54,275	31,677	47,940	163,274	133,892
Unrealized Incentive Fees	(434)	(632)	3,768	(629)	2,876	3,738	6,015
Total Compensation and Benefits	26,727	112,545	131,011	114,896	144,664	363,139	390,571
Other Operating Expenses	23,495	29,027	28,924	26,560	31,284	74,832	86,768
Total Expenses	50,222	141,572	159,935	141,456	175,948	437,971	477,339
Economic Income (Loss)	\$ (65,436)	\$ 250,813	\$ 267,249	\$ 197,142	\$ 288,705	\$ 750,992	\$ 753,096
Total Assets Under Management	\$ 40,709,500	\$ 42,852,669	\$ 48,322,760	\$ 50,225,950	\$ 53,546,023	\$ 40,709,500	\$ 53,546,023
Fee-Earning Assets Under Management	\$ 29,981,920	\$ 31,236,540	\$ 36,647,462	\$ 38,476,123	\$ 40,609,286	\$ 29,981,920	\$ 40,609,286
Weighted Average Fee-Earning AUM	\$ 28,701,420	\$ 31,474,333	\$ 35,983,336	\$ 36,882,087	\$ 38,947,049	\$ 27,425,607	\$ 37,078,418
LP Capital Invested	\$ 1,706,157	\$ 995,643	\$ 1,143,555	\$ 1,855,108	\$ 1,342,811	\$ 5,145,773	\$ 4,341,474
Total Capital Invested	\$ 1,805,654	\$ 1,064,690	\$ 1,172,883	\$ 1,954,731	\$ 1,397,249	\$ 5,435,774	\$ 4,524,863

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

(b) Primarily placement fees.

Hedge Fund Solutions

(Dollars in Thousands)	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12	YTD'11	YTD'12
Revenues							
Management Fees, Net							
Base Management Fees	\$ 79,355	\$ 81,606	\$ 81,821	\$ 84,278	\$ 87,334	\$ 234,257	\$ 253,433
Transaction and Other Fees, Net ^(a)	740	470	92	65	4	2,328	161
Management Fee Offsets ^(b)	(258)	(402)	(335)	(375)	(382)	(578)	(1,092)
Total Management Fees, Net	79,837	81,674	81,578	83,968	86,956	236,007	252,502
Performance Fees							
Realized Incentive Fees	5,764	4,148	3,298	1,175	2,637	7,324	7,110
Unrealized Incentive Fees	(19,861)	(2,059)	23,187	(10,981)	36,635	2,833	48,841
Total Performance Fees	(14,097)	2,089	26,485	(9,806)	39,272	10,157	55,951
Investment Income (Loss)							
Realized	1,023	2,503	503	929	637	15,219	2,069
Unrealized	(10,034)	(3,253)	8,371	(3,636)	5,199	(15,778)	9,934
Total Investment Income (Loss)	(9,011)	(750)	8,874	(2,707)	5,836	(559)	12,003
Interest Income and Dividend Revenue	500	537	386	495	540	1,488	1,421
Other	18	7,818	(127)	27	315	84	215
Total Revenues	57,247	91,368	117,196	71,977	132,919	247,177	322,092
Expenses							
Compensation	30,667	38,525	28,233	34,559	28,826	90,434	91,618
Performance Fee Compensation							
Realized Incentive Fees	2,257	688	1,378	(345)	1,062	2,810	2,095
Unrealized Incentive Fees	(7,214)	(865)	7,294	(2,820)	8,062	1,099	12,536
Total Compensation and Benefits	25,710	38,348	36,905	31,394	37,950	94,343	106,249
Other Operating Expenses	14,421	21,568	13,934	14,506	12,878	43,504	41,318
Total Expenses	40,131	59,916	50,839	45,900	50,828	137,847	147,567
Economic Income	\$ 17,116	\$ 31,452	\$ 66,357	\$ 26,077	\$ 82,091	\$ 109,330	\$ 174,525
Total Assets Under Management	\$ 40,373,092	\$ 40,534,768	\$ 43,351,275	\$ 42,888,946	\$ 46,218,618	\$ 40,373,092	\$ 46,218,618
Fee-Earning Assets Under Management	\$ 37,231,013	\$ 37,819,636	\$ 40,543,772	\$ 40,161,179	\$ 43,601,541	\$ 37,231,013	\$ 43,601,541
Weighted Average Fee-Earning AUM	\$ 37,658,240	\$ 38,452,740	\$ 39,904,474	\$ 40,528,701	\$ 42,005,752	\$ 36,857,511	\$ 41,016,254
LP Capital Invested	\$ 354,971	\$ 288,237	\$ 4,661	\$ -	\$ 196,180	\$ 601,022	\$ 200,841
Total Capital Invested	\$ 375,000	\$ 304,500	\$ 5,502	\$ -	\$ 207,250	\$ 638,827	\$ 212,752

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

(b) Primarily placement fees.

Credit

(Dollars in Thousands)	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12	YTD'11	YTD'12
Revenues							
Management Fees, Net							
Base Management Fees	\$ 59,557	\$ 66,969	\$ 80,094	\$ 81,774	\$ 88,959	\$ 171,578	\$ 250,827
Transaction and Other Fees, Net ^(a)	(26)	312	5,725	9,184	4,486	1,568	19,395
Management Fee Offsets ^(b)	(67)	(200)	(306)	(1,569)	(1,271)	(190)	(3,146)
Total Management Fees, Net	59,464	67,081	85,513	89,389	92,174	172,956	267,076
Performance Fees							
Realized Carried Interest	3,196	37,241	1,010	13,609	328	41,429	14,947
Realized Incentive Fees	11,595	47,487	1,982	2,751	4,104	20,441	8,837
Unrealized Carried Interest	6,257	(10,499)	43,245	27,673	67,024	35,109	137,942
Unrealized Incentive Fees	(61,382)	(17,183)	37,020	(4,567)	61,364	(12,177)	93,817
Total Performance Fees	(40,334)	57,046	83,257	39,466	132,820	84,802	255,543
Investment Income (Loss)							
Realized	2,807	4,021	683	5,638	6,697	7,278	13,018
Unrealized	(7,800)	(2,877)	9,211	(9,156)	(736)	2,169	(681)
Total Investment Income (Loss)	(4,993)	1,144	9,894	(3,518)	5,961	9,447	12,337
Interest Income and Dividend Revenue	1,404	610	2,425	1,752	2,673	2,759	6,850
Other	(132)	(772)	(238)	(787)	(678)	(81)	(1,703)
Total Revenues	15,409	125,109	180,851	126,302	232,950	269,883	540,103
Expenses							
Compensation	40,533	25,435	37,143	42,845	50,236	103,153	130,224
Performance Fee Compensation							
Realized Carried Interest	(1,561)	15,352	3,541	3,694	1,153	16,695	8,388
Realized Incentive Fees	10,039	32,745	2,872	2,049	825	15,105	5,746
Unrealized Carried Interest	908	(3,420)	31,320	13,397	37,695	22,453	82,412
Unrealized Incentive Fees	(29,664)	(12,904)	1,717	(6,147)	33,316	(11,195)	28,886
Total Compensation and Benefits	20,255	57,208	76,593	55,838	123,225	146,211	255,656
Other Operating Expenses	11,210	13,162	17,096	15,749	33,527	36,793	66,372
Total Expenses	31,465	70,370	93,689	71,587	156,752	183,004	322,028
Economic Income (Loss)	\$ (16,056)	\$ 54,739	\$ 87,162	\$ 54,715	\$ 76,198	\$ 86,879	\$ 218,075
Total Assets Under Management	\$ 33,648,697	\$ 36,977,394	\$ 50,776,119	\$ 50,519,383	\$ 54,564,619	\$ 33,648,697	\$ 54,564,619
Fee-Earning Assets Under Management	\$ 28,715,420	\$ 30,462,786	\$ 41,746,577	\$ 41,849,767	\$ 45,913,758	\$ 28,715,420	\$ 45,913,758
Weighted Average Fee-Earning AUM	\$ 28,429,249	\$ 29,802,567	\$ 40,974,525	\$ 41,581,436	\$ 43,328,691	\$ 26,889,108	\$ 41,767,789
LP Capital Invested	\$ 1,314,318	\$ 1,028,639	\$ 928,173	\$ 445,616	\$ 530,845	\$ 1,621,498	\$ 1,904,634
Total Capital Invested	\$ 1,373,505	\$ 1,059,386	\$ 1,275,965	\$ 461,940	\$ 721,691	\$ 1,696,200	\$ 2,459,596

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

(b) Primarily placement fees.

Financial Advisory

(Dollars in Thousands)	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12	YTD'11	YTD'12
Revenues							
Advisory Fees	\$ 86,178	\$ 123,567	\$ 75,846	\$ 93,372	\$ 59,951	\$ 258,673	\$ 229,169
Transaction and Other Fees, Net	98	7	145	102	6	314	253
Total Advisory and Transaction Fees	86,276	123,574	75,991	93,474	59,957	258,987	229,422
Investment Income (Loss)							
Realized	(44)	315	583	(79)	251	279	755
Unrealized	(171)	97	(49)	561	928	207	1,440
Total Investment Income (Loss)	(215)	412	534	482	1,179	486	2,195
Interest Income and Dividend Revenue	1,615	1,775	1,562	1,753	1,797	5,024	5,112
Other	(304)	(498)	82	(40)	(751)	115	(709)
Total Revenues	87,372	125,263	78,169	95,669	62,182	264,612	236,020
Expenses							
Compensation	59,633	62,360	67,960	61,129	46,619	186,335	175,708
Total Compensation and Benefits	59,633	62,360	67,960	61,129	46,619	186,335	175,708
Other Operating Expenses	20,218	23,822	20,686	25,702	18,823	57,716	65,211
Total Expenses	79,851	86,182	88,646	86,831	65,442	244,051	240,919
Economic Income (Loss)	\$ 7,521	\$ 39,081	\$ (10,477)	\$ 8,838	\$ (3,260)	\$ 20,561	\$ (4,899)

Fee-Earning AUM Net Flows

- ▶ Fee-Earning AUM was up \$11 billion or 7% from last quarter and up \$35.7 billion or 27% from a year ago driven mainly by net inflows across the segments and to a lesser extent market appreciation.
- ▶ Private Equity includes our new tactical opportunities fund as well as our energy fund.
- ▶ Real Estate grew 35% during the last twelve months driven by capital committed to our latest global buyout fund.
- ▶ Hedge Fund Solutions continued its solid growth with \$1.7 billion of net inflows during the quarter and \$3.5 billion over the last twelve months, net of \$1.1 billion of outflows in 2011 from the exit of our Asian mutual fund business.
- ▶ Credit continued its strong growth, up 60% from the same period last year driven by almost \$21 billion of gross inflows, more than half organic growth and the remainder from the Harbourmaster acquisition.

3Q'12 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'12	\$ 37,159	\$ 38,476	\$ 40,161	\$ 41,850	\$ 157,647
Inflows ^(a)	1,397	2,395	1,929	4,372	10,093
Outflows ^(b)	-	(47)	(221)	(375)	(643)
Realizations ^(c)	(62)	(380)	-	(718)	(1,160)
Net Inflows	1,335	1,968	1,708	3,280	8,291
Market Activity ^(d)	11	165	1,732	784	2,692
3Q'12	\$ 38,505	\$ 40,609	\$ 43,602	\$ 45,914	\$ 168,630
QoQ Increase	4%	6%	9%	10%	7%

LTM Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'11	\$ 37,006	\$ 29,982	\$ 37,231	\$ 28,715	\$ 132,934
Inflows ^(a)	2,755	12,603	6,830	20,935	43,123
Outflows ^(b)	(303)	(203)	(3,312)	(1,211)	(5,029)
Realizations ^(c)	(971)	(1,643)	-	(3,388)	(6,002)
Net Inflows	1,480	10,757	3,518	16,336	32,092
Market Activity ^(d)	19	(130)	2,852	862	3,604
3Q'12	\$ 38,505	\$ 40,609	\$ 43,602	\$ 45,914	\$ 168,630
YoY Increase	4%	35%	17%	60%	27%

Totals may not add due to rounding.

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

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

(c) Realizations: represent realizations from the disposition of assets.

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

Total AUM Net Flows

- ▶ Total AUM was up \$14.3 billion or 8% from last quarter and up \$46.9 billion or 30% from a year ago driven by strong net inflows and market appreciation across the segments.
- ▶ Private Equity market appreciation was \$3.2 billion over the last year, driven mainly by positive performance of our public portfolio.
- ▶ Real Estate market appreciation was \$4.8 billion over the last year as fundamentals continue to improve.
- ▶ Hedge Fund Solutions market appreciation was \$3.0 billion over the last year driven by solid returns.
- ▶ Credit grew AUM 62% over the last twelve months through both organic and inorganic net inflows.

3Q'12 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'12	\$ 46,634	\$ 50,226	\$ 42,889	\$ 50,519	\$ 190,268
Inflows ^(a)	1,654	2,313	1,767	4,103	9,837
Outflows ^(b)	(42)	(137)	(243)	(388)	(810)
Realizations ^(c)	(286)	(676)	-	(810)	(1,773)
Net Inflows	1,325	1,500	1,524	2,904	7,254
Market Activity ^(d)	2,263	1,820	1,805	1,141	7,029
3Q'12	\$ 50,222	\$ 53,546	\$ 46,219	\$ 54,565	\$ 204,552
<i>QoQ Increase</i>	<i>8%</i>	<i>7%</i>	<i>8%</i>	<i>8%</i>	<i>8%</i>

LTM Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'11	\$ 42,967	\$ 40,710	\$ 40,373	\$ 33,649	\$ 157,698
Inflows ^(a)	5,795	10,805	6,415	24,908	47,922
Outflows ^(b)	(46)	(331)	(3,552)	(1,859)	(5,788)
Realizations ^(c)	(1,663)	(2,439)	-	(3,869)	(7,971)
Net Inflows	4,086	8,035	2,863	19,180	34,163
Market Activity ^(d)	3,169	4,802	2,983	1,736	12,690
3Q'12	\$ 50,222	\$ 53,546	\$ 46,219	\$ 54,565	\$ 204,552
<i>YoY Increase</i>	<i>17%</i>	<i>32%</i>	<i>14%</i>	<i>62%</i>	<i>30%</i>

Totals may not add due to rounding.

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

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

(c) Realizations: represent realizations from the disposition of assets.

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

Net Accrued Performance Fees and Carried Interest Status^(a)

- ▶ Blackstone had \$2 billion of accrued performance fees, net of compensation, as of the end of the third quarter.
- ▶ BCP V and BREP Int'l II were below their respective carried interest thresholds as of quarter-end.

(Dollars in Millions, Except per Unit Data)	Net Accrued Performance Fees ^(b)				Carried Interest Status (excl. SBS) ^(d)				
	2Q'12		3Q'12		Remaining Capital		Gain to Cross Carry Threshold		
				Per Unit ^(c)	Change vs. 2Q'12	@ FMV	@ Cost	Amount	% Change in TEV
Private Equity									
BCP IV Carried Interest	\$	532	\$	551	\$	0.49	\$	19	
BCP VI Carried Interest		-		8		0.01		8	
BEP Carried Interest		-		30		0.03		30	
Tactical Opportunities Carried Interest		1		2		0.00		1	
Total Private Equity		533		591		0.53		58	
Real Estate									
BREP V Carried Interest		377		434		0.39		57	
BREP VI Carried Interest		530		590		0.53		60	
BREP VII Carried Interest		22		44		0.04		22	
BREP Int'l I Carried Interest		7		3		0.00		(4)	
BREP Europe III Carried Interest		53		66		0.06		13	
BREDS Carried Interest		15		19		0.02		4	
BREDS Incentive Fees		4		5		0.00		1	
Asia Platform Incentive Fees		27		28		0.02		1	
Total Real Estate		1,035		1,189		1.06		154	
Hedge Fund Solutions									
Incentive Fees		12		42		0.04		30	
Total Hedge Fund Solutions		12		42		0.04		30	
Credit									
Carried Interest		106		142		0.13		36	
Incentive Fees		70		85		0.08		15	
Total Credit		176		227		0.20		51	
Total Blackstone									
Carried Interest		1,643		1,889		1.68		246	
Incentive Fees		113		160		0.14		47	
Performance Fees	\$	1,756	\$	2,049	\$	1.83	\$	293	

(Dollars In Millions)

	@ FMV	@ Cost	Amount	% Change in TEV
Private Equity				
BCP V	17,765	17,189	6,412	13%
Real Estate				
BREP Int'l II	1,352	1,602	1,242	22%

(a) Preliminary. Totals may not add due to rounding.

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

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

(d) Represents the required increase in equity at the fund level (excluding side-by-side investments) for funds with expired investment periods which are currently not generating performance fees.

Investment Records as of September 30, 2012^(a)

(Dollars in Thousands, Except Where Noted)	Committed Capital	Available Capital ^(b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs ^(d)	
			Value	MOIC ^(c)	% Public	Value	MOIC ^(c)	Value	MOIC ^(c)	Realized	Total
Private Equity											
BCP I (Oct 1987 / Oct 1993)	\$ 859,081	\$ -	\$ -	n/a	-	\$ 1,741,738	2.6x	\$ 1,741,738	2.6x	19%	19%
BCP II (Oct 1993 / Aug 1997)	1,361,100	-	-	n/a	-	3,256,351	2.5x	3,256,351	2.5x	32%	32%
BCP III (Aug 1997 / Nov 2002)	3,973,378	167,776	22,507	0.6x	100%	9,160,904	2.3x	9,183,411	2.3x	14%	14%
BCOM (Jun 2000 / Jun 2006)	2,137,330	202,433	439,754	0.6x	52%	2,418,537	1.8x	2,858,291	1.3x	18%	6%
BCP IV (Nov 2002 / Dec 2005)	6,773,138	266,490	5,216,902	1.8x	60%	14,496,044	3.2x	19,712,946	2.6x	59%	37%
BCP V (Dec 2005 / Jan 2011)	21,592,318	1,990,259	18,437,391	1.0x	17%	3,502,372	1.7x	21,939,763	1.1x	31%	1%
BCP VI (Jan 2011 / Jan 2016)	15,220,118	12,843,121	2,817,359	1.2x	28%	3,330	1.5x	2,820,689	1.2x	n/m	8%
BEP (Aug 2011 / Aug 2017)	2,415,509	1,929,546	765,116	1.6x	43%	-	n/a	765,116	1.6x	n/a	101%
Total Core Private Equity	\$ 54,331,972	\$ 17,399,625	\$ 27,699,029	1.1x	28%	\$ 34,579,276	2.5x	\$ 62,278,305	1.6x	23%	14%
Tactical Opportunities	1,374,734	1,204,273	189,843	1.1x	-	8,948	1.7x	198,791	1.1x	n/m	n/m
Other Funds	397,493	262,946	65,161	0.9x	-	-	n/a	65,161	0.9x	n/a	(18)%
Total Private Equity	\$ 56,104,199	\$ 18,866,844	\$ 27,954,033	1.1x	28%	\$ 34,588,224	2.5x	\$ 62,542,257	1.6x	23%	14%
Real Estate											
Dollar											
Pre-BREP	\$ 140,714	\$ -	\$ -	n/a	-	\$ 345,190	2.5x	\$ 345,190	2.5x	33%	33%
BREP I (Sep 1994 / Oct 1996)	380,708	-	-	n/a	-	1,327,708	2.8x	1,327,708	2.8x	40%	40%
BREP II (Oct 1996 / Mar 1999)	1,198,339	-	-	n/a	-	2,524,866	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%
BREP IV (Apr 2003 / Dec 2005)	2,198,694	-	1,335,973	0.9x	5%	2,862,147	2.4x	4,198,120	1.5x	80%	14%
BREP V (Dec 2005 / Feb 2007)	5,538,579	243,769	7,216,141	1.6x	-	2,085,100	1.7x	9,301,241	1.6x	81%	9%
BREP VI (Feb 2007 / Aug 2011)	11,055,826	863,921	14,696,610	1.5x	6%	1,237,507	1.9x	15,934,117	1.5x	31%	9%
BREP VII (Aug 2011 / Feb 2017)	13,300,149	10,452,873	3,499,225	1.2x	-	135,831	1.2x	3,635,056	1.2x	75%	33%
Total Global Real Estate Funds	\$ 35,335,717	\$ 11,560,563	\$ 26,750,110	1.4x	3%	\$ 13,841,711	2.2x	\$ 40,591,821	1.6x	28%	16%
BREP Co-Investment ^(e)	2,944,738	-	3,936,619	1.5x	1%	437,583	1.4x	4,374,202	1.5x	10%	11%
Euro											
BREP Int'l (Jan 2001 / Sep 2005)	€ 824,172	€ -	€ 100,438	1.1x	-	€ 1,230,290	2.2x	€ 1,330,728	2.0x	26%	23%
BREP Int'l II (Sep 2005 / Jun 2008)	1,627,954	81,441	1,131,982	0.9x	-	177,238	1.5x	1,309,220	1.0x	14%	(3)%
BREP Europe III (Jun 2008 / Dec 2013)	3,196,712	1,793,012	2,064,912	1.4x	-	15,712	2.8x	2,080,624	1.4x	49%	20%
Total Euro Funds	€ 5,648,838	€ 1,874,453	€ 3,297,332	1.2x	-	€ 1,423,240	2.1x	€ 4,720,572	1.4x	25%	8%
Total Real Estate	\$ 45,403,329	\$ 14,006,034	\$ 34,996,439	1.4x	3%	\$ 16,028,251	2.1x	\$ 51,024,690	1.5x	27%	14%
Debt Strategies Drawdown	\$ 2,822,818	\$ 738,815	\$ 2,406,779	1.2x	-	\$ 897,237	1.3x	\$ 3,304,016	1.2x	17%	14%
Credit											
Mezzanine	\$ 6,120,000	\$ 3,025,830	\$ 4,256,967	1.3x	-	\$ 1,435,871	1.6x	\$ 5,692,838	1.4x	n/a	18%
Rescue Lending	3,253,143	930,246	2,877,253	1.2x	-	1,084,354	1.1x	3,961,607	1.2x	n/a	14%
Total Credit	\$ 9,373,143	\$ 3,956,076	\$ 7,134,220	1.3x	-	\$ 2,520,225	1.4x	\$ 9,654,445	1.3x	-	-

Investment Records as of September 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.

(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. 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.

(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 September 30, 2012 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

(e) 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)	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12	YTD'11	YTD'12
Net Income (Loss) Attributable to The Blackstone Group L.P.	\$ (274,567)	\$ (22,677)	\$ 58,325	\$ (74,964)	\$ 128,824	\$ (145,626)	\$ 112,185
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	(402,079)	21,221	107,405	(53,027)	183,431	(104,455)	237,809
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	(262,207)	456,706	197,643	239,934	(157,607)	(448,753)	279,970
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(47,922)	111	54,259	(17,666)	41,854	(24,980)	78,447
Net Income (Loss)	\$ (986,775)	\$ 455,361	\$ 417,632	\$ 94,277	\$ 196,502	\$ (723,814)	\$ 708,411
Provision (Benefit) for Taxes	(7,637)	250,299	38,753	41,337	39,237	95,412	119,327
Income (Loss) Before Provision (Benefit) for Taxes	\$ (994,412)	\$ 705,660	\$ 456,385	\$ 135,614	\$ 235,739	\$ (628,402)	\$ 827,738
IPO and Acquisition-Related Charges ^(a)	264,068	147,808	244,897	268,936	248,179	1,122,124	762,012
Amortization of Intangibles ^(b)	45,665	86,121	50,888	39,435	33,338	134,744	123,661
Income (Loss) Associated with Non-Controlling Interests in (Income) Loss of Consolidated Entities ^(c)	310,129	(456,817)	(251,902)	(222,268)	115,753	473,733	(358,417)
Economic Income (Loss)	\$ (374,550)	\$ 482,772	\$ 500,268	\$ 221,717	\$ 633,009	\$ 1,102,199	\$ 1,354,994
Taxes ^(d)	(5,449)	(14,618)	(9,051)	(9,368)	(11,257)	(31,145)	(29,676)
Economic Net Income (Loss)	\$ (379,999)	\$ 468,154	\$ 491,217	\$ 212,349	\$ 621,752	\$ 1,071,054	\$ 1,325,318
Taxes ^(d)	5,449	14,618	9,051	9,368	11,257	31,145	29,676
Performance Fee Adjustment ^(e)	457,279	(357,950)	(385,756)	(134,837)	(602,999)	(816,576)	(1,123,592)
Investment Income (Loss) Adjustment ^(f)	134,106	(55,725)	(83,406)	16,264	(107,432)	(129,539)	(174,574)
Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies ^(g)	(3,011)	2,271	6,310	1,892	12,877	2,329	21,079
Performance Fee Compensation and Benefits Adjustment ^(h)	(100,892)	94,728	109,512	40,693	199,597	221,984	349,802
Fee Related Earnings	\$ 112,932	\$ 166,096	\$ 146,928	\$ 145,729	\$ 135,052	\$ 380,397	\$ 427,709
Realized Performance Fees ⁽ⁱ⁾	(2,646)	17,494	6,649	54,147	68,905	110,915	129,701
Realized Investment Income ⁽ⁱ⁾	31,647	16,697	23,492	9,360	25,098	85,878	57,950
Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies ^(k)	(309)	(2,395)	(5,897)	(1,280)	(8,251)	(3,662)	(15,428)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(l)	(15,879)	(19,706)	(9,051)	(19,552)	(31,169)	(54,990)	(59,772)
Distributable Earnings	\$ 125,745	\$ 178,186	\$ 162,121	\$ 188,404	\$ 189,635	\$ 518,538	\$ 540,160
Interest	12,577	14,843	13,554	12,850	18,163	38,358	44,567
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(l)	15,879	19,706	9,051	19,552	31,169	54,990	59,772
Depreciation and Amortization	8,325	8,451	10,268	10,391	8,895	24,313	29,554
Adjusted EBITDA	\$ 162,526	\$ 221,186	\$ 194,994	\$ 231,197	\$ 247,862	\$ 636,199	\$ 674,053

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.

- (a) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for Transaction-Related Charges which include principally equity-based compensation charges associated with Blackstone's initial public offering and long-term retention programs outside of annual deferred compensation and other corporate actions.
- (b) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for the Amortization of Intangibles which are associated with Blackstone's initial public offering and other corporate actions.
- (c) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes the amount of (Income) Loss Associated with Non-Controlling Interests in (Income) Loss of Consolidated Entities and includes the amount of Management Fee Revenues associated with Consolidated CLO Entities.
- (d) Taxes represent the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes.
- (e) This adjustment removes from EI the total segment amount of Performance Fees.
- (f) This adjustment removes from EI the total segment amount of Investment Income (Loss).
- (g) This adjustment represents the realized and unrealized gain on Blackstone's Treasury cash management strategies which are a component of Investment Income (Loss) but included in Fee Related Earnings.
- (h) This adjustment removes from expenses the compensation and benefit amounts related to Blackstone's profit sharing plans related to Performance Fees.
- (i) Represents the adjustment for realized Performance Fees net of corresponding actual amounts due under Blackstone's profit sharing plans related thereto.
- (j) Represents the adjustment for Blackstone's Investment Income (Loss) - Realized.
- (k) Represents the elimination of Realized Investment Income attributable to Blackstone's Treasury cash management strategies which is a component of both Fee Related Earnings from Operations and Realized Investment Income (Loss).
- (l) Taxes and Related Payables Including Payable Under Tax Receivable Agreement represent the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes and the payable under the Tax Receivable Agreement.

Calculation of Certain Non-GAAP Financial Metric Components

(Dollars in Thousands)	3Q'12	YTD'12
Interest Income and Dividend Revenue	\$ 12,004	\$ 31,740
Other Revenue	2,477	442
Investment Income - Blackstone's Treasury Cash Management Strategies ^(a)	12,877	21,079
Interest Income and Other Revenue	\$ 27,358	\$ 53,261
Realized Incentive Fees	11,620	28,591
Less: Realized Incentive Fee Compensation	(4,457)	(14,284)
Net Realized Incentive Fees	\$ 7,163	\$ 14,307
Realized Carried Interest	83,765	153,254
Less: Realized Carried Interest Compensation	(22,023)	(37,860)
Net Realized Carried Interest	\$ 61,742	\$ 115,394
Realized Investment Income	25,098	57,950
Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies ^(a)	(8,251)	(15,428)
Realized Investment Income	\$ 16,847	\$ 42,522
Unrealized Incentive Fees	104,149	155,196
Less: Unrealized Incentive Fee Compensation	(44,254)	(47,437)
Net Unrealized Incentive Fees	\$ 59,895	\$ 107,759
Unrealized Carried Interest	403,465	786,551
Less: Unrealized Carried Interest Compensation	(128,863)	(250,221)
Net Unrealized Carried Interest	\$ 274,602	\$ 536,330
Unrealized Investment Income	82,334	116,624
Less: Investment Income - Blackstone's Treasury Cash Management Strategies ^(a)	(12,877)	(21,079)
Less: Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies ^(a)	8,251	15,428
Unrealized Investment Income	\$ 77,708	\$ 110,973
Related Payables^(b)	\$ 19,912	\$ 30,096

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

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

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

Unit Rollforward

	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12	YTD'11	YTD'12
Total GAAP Weighted-Average Common Units Outstanding - Basic	487,189,657	490,511,637	506,985,529	528,778,977	544,716,399	470,551,727	526,892,258
<i>Adjustments:</i>							
Weighted-Average Unvested Deferred Restricted Common Units	-	-	10,404,029	-	2,207,204	-	5,810,614
Total GAAP Weighted-Average Common Units Outstanding - Diluted	487,189,657	490,511,637	517,389,558	528,778,977	546,923,603	470,551,727	532,702,872
<i>Adjustments:</i>							
Weighted-Average Blackstone Holdings Partnership Units	616,168,175	613,105,891	602,817,069	591,155,160	586,762,611	633,174,021	593,555,609
Weighted-Average Unvested Deferred Restricted Common Units	7,243,768	12,469,282	-	4,820,609	-	8,169,431	-
Weighted-Average Economic Net Income Adjusted Units	1,110,601,600	1,116,086,810	1,120,206,627	1,124,754,746	1,133,686,214	1,111,895,179	1,126,258,481
Economic Net Income Adjusted Units, End of Period	1,110,027,706	1,108,034,890	1,119,829,138	1,122,067,386	1,133,637,141	1,110,027,706	1,133,637,141
Total Common Units Outstanding ^(a)	488,178,170	495,599,976	510,868,415	525,464,110	537,299,585	488,178,170	537,299,585
<i>Adjustments:</i>							
Blackstone Holdings Partnership Units	615,164,340	608,718,156	597,566,417	585,315,742	584,690,200	615,164,340	584,690,200
Distributable Earnings Units Outstanding^(b)	1,103,342,510	1,104,318,132	1,108,434,832	1,110,779,852	1,121,989,785	1,103,342,510	1,121,989,785

(a) Common Unitholders receive Tax Benefits from deductions taken by Blackstone's corporate tax paying subsidiaries and bear responsibility for the deduction from Distributable Earnings of the Payable under the Tax Receivable Agreement and certain other tax-related payables.

(b) 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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