

# Blackstone's Fourth Quarter 2012 Debt Investor Presentation

March 7, 2013

# Blackstone reports record full year revenue, assets under management and public company earnings

---

- ▶ Economic Net Income was up 30% in 2012 to nearly \$2 billion.
- ▶ Distributable Earnings (“DE”) surged 48% in 2012 to over \$1 billion.
- ▶ Adjusted EBITDA grew 49% in 2012 to \$1.3 billion.
- ▶ Pre-Tax GAAP Income of \$1 billion, including certain non-cash IPO / transaction related expenses.
- ▶ Total AUM reached a record \$210 billion, up \$44 billion or 26% from the prior year, as all of Blackstone’s investment businesses continued to see net inflows and carrying value appreciation.
- ▶ As of year-end, 70% of AUM was under long-term contracts not subject to redemption risk.
- ▶ Fee Related Earnings grew 28% in 2012 to a record \$700 million and locked-in fees covered substantially more than 100% of operating expenses.
- ▶ No net debt, \$2.3 billion of cash and corporate treasury investments and \$6.7 billion<sup>(a)</sup> of total net value.
- ▶ A/A+ rating<sup>(b)</sup> reflects long-term contracts with zero defaults, built-in and growing cash flows.

(a) Includes Cash, Corporate Treasury Investment, Investments and Net Performance Fees. See Balance Sheet Highlights for details.

(b) A rated by Standard & Poor’s and A+ rated by Fitch Ratings.

## Walkdown of 2012 Key Financial Metrics

# Adjusted EBITDA was \$1.3 billion, up 49% year over year

(Dollars in Millions)

2012

**GAAP**

**Income Before Provision for Taxes**

**\$1,015**

- + IPO and Acquisition-Related Charges
- + Amortization of Intangibles
- Impact of Consolidated Funds

**Economic Income  
"EI"**

**= Economic Income**

**\$2,041**

- Net Performance Fees
- Investment Income
- + Investment Income – Blackstone’s Treasury Cash Management Strategies

**Fee Related Earnings  
"FRE"**

**= Fee Related Earnings**

**\$700**

- + Net Realized Performance Fees
- + Realized Investment Income
- Taxes and Related Payables

**Distributable Earnings  
"DE"**

**= Distributable Earnings**

**\$1,034**

- + Interest
- + Taxes and Related Payables
- + Depreciation and Amortization

**Adjusted EBITDA**

**= Adjusted EBITDA**

**\$1,278**

## AUM and Earnings Growth

Strong, predictable free cash flow driven by long-term asset management contracts largely with high quality institutions

(Dollars in Billions)	2009	2010	2011	2012	'09-'12 CAGR
<b>Fee-Earning AUM</b>					
Private Equity	\$ 24.5	\$ 24.2	\$ 37.2	\$ 37.1	15%
Real Estate	23.7	26.8	31.2	41.9	21%
Hedge Fund Solutions	27.5	33.2	37.8	43.5	17%
Credit	20.4	25.3	30.5	45.4	31%
<b>Fee-Earning AUM</b>	<b>\$ 96.1</b>	<b>\$ 109.5</b>	<b>\$ 136.8</b>	<b>\$ 167.9</b>	<b>20%</b>

**\$168 billion**

Fee-Earning AUM

(Dollars in Millions)	2009	2010	2011	2012	'09-'12 CAGR
<b>Fee Related Earnings</b>					
Fee Related Revenues <sup>(a)</sup>	\$ 1,530	\$ 1,682	\$ 1,928	\$ 2,213	
Fee Related Expenses <sup>(b)</sup>	1,069	1,204	1,382	1,512	
<b>Fee Related Earnings</b>	<b>\$ 461</b>	<b>\$ 478</b>	<b>\$ 546</b>	<b>\$ 700</b>	<b>15%</b>
<b>Distributable Earnings</b>	<b>\$ 479</b>	<b>\$ 702</b>	<b>\$ 697</b>	<b>\$ 1,034</b>	<b>29%</b>
<b>Adjusted EBITDA</b>	<b>\$ 564</b>	<b>\$ 814</b>	<b>\$ 857</b>	<b>\$ 1,278</b>	<b>31%</b>
<i>EBITDA Margin<sup>(c)</sup></i>	<i>35%</i>	<i>39%</i>	<i>38%</i>	<i>44%</i>	

**\$700 million**

Fee Related Earnings, up 28% YoY

**31%**

Adjusted EBITDA CAGR since 2009

Totals may not add due to rounding.

(a) Fee Related Revenues include Base Management Fees, Advisory Fees, Transaction and Other Fees, Net, Management Fee Offsets, Interest Income and Dividend Revenue, Other Revenue and Investment Income – Blackstone's Treasury Cash Management Strategies.

(b) Fee Related Expenses include Compensation and Other Operating Expenses.

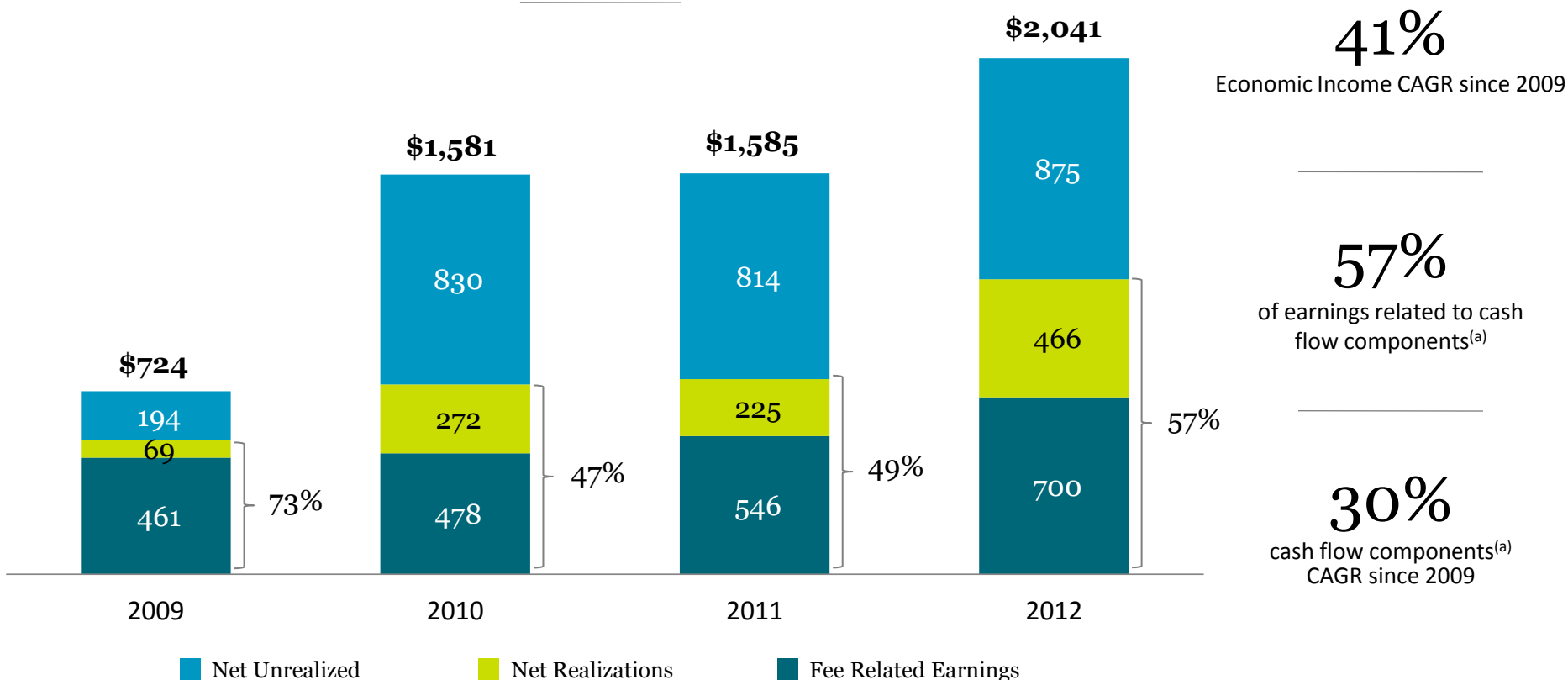
(c) EBITDA Margin is calculated by dividing Adjusted EBITDA by the sum of Fee Related Revenues, Total Segment Realized Performance Fees and Total Segment Realized Investment Income.

## Earnings Composition

# Continued momentum in total earnings accompanied by an increase in cash flow components

(Dollars in Millions)

### Economic Income



Totals may not add due to rounding. See Appendix – Calculation of Certain Non-GAAP Financial Metric Components for details of Net Unrealized and Net Realizations.

(a) Cash flow components include Net Realizations and Fee Related Earnings.

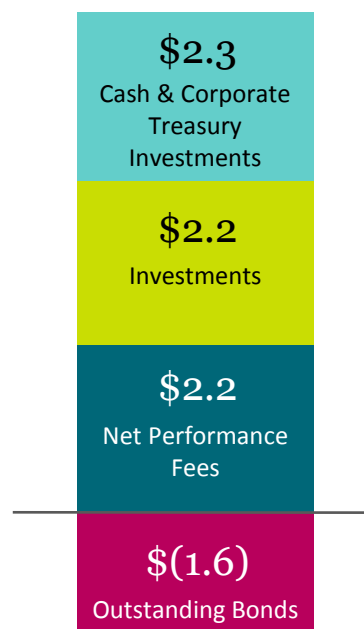
## Balance Sheet Highlights

High quality balance sheet with low levels of debt supported by significant equity base and strong free cash flow

(Dollars in Millions)	4Q'12
Cash and Cash Equivalents	\$ 710
Corporate Treasury Investments <sup>(a)</sup>	1,542
Investments <sup>(b)</sup>	2,186
Net Performance Fees	2,238
<b>Total Net Value</b>	<b>\$ 6,676</b>
Outstanding Bonds (at par) <sup>(c)</sup>	\$ 1,635
<b>Market Capitalization<sup>(d)</sup></b>	<b>\$ 21,637</b>

**\$21.6 billion**

BX Market Capitalization<sup>(d)</sup>



(see Appendix for full Balance Sheet)

**A/A+**

rated by S&P / Fitch

**\$0**

no net debt

**\$1.1 billion**

undrawn credit revolver with July 2017 maturity

(a) Corporate Treasury Investments include Treasury Cash Management Strategies and Liquid Investments.

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

(c) \$600 million issued Aug '09 maturing on 8/15/19 (6.625% coupon), \$400 million issued Sep '10 maturing on 3/15/21 (5.875% coupon), \$400 million issued Aug '12 maturing on 2/15/23 (4.750% coupon) and \$250 million issued Aug '12 maturing on 8/15/42 (6.250% coupon), net of \$15 million held by Blackstone.

(d) Market Capitalization calculated using BX closing price as of 3/6/13 and Blackstone Economic Net Income Adjusted Units, End of Period as of 12/31/12. 5

# Blackstone remains well capitalized with low levels of debt supported by EBITDA growth and a strong balance sheet

(Dollars in Millions)	2010	2011	2012
<b>Financial Metrics</b>			
Adjusted EBITDA	\$ 814	\$ 857	\$ 1,278
Interest Expense	37	53	69
Cash and Corporate Treasury Investments <sup>(a)</sup>	1,977	1,580	2,252
Long-Term Debt <sup>(b)</sup>	1,000	1,000	1,635
Tangible Partners' Capital (Equity) <sup>(c)</sup>	3,828	4,445	5,403
<b>Partners Capital (Equity)</b>	<b>\$ 6,572</b>	<b>\$ 7,189</b>	<b>\$ 8,479</b>
<b>Leverage Ratios</b>			
Adjusted EBITDA / Interest Expense	22.2x	16.1x	18.5x
Long-Term Debt / Adjusted EBITDA	1.2x	1.2x	1.3x
Cash and Corporate Treasury Investments / Long-Term Debt	2.0x	1.6x	1.4x
Long-Term Debt / Long-Term Debt + Partners' Capital (Equity)	13.2%	12.2%	16.2%
Long-Term Debt / Tangible Partners' Capital (Equity)	26.1%	22.5%	30.3%
<b>Long-Term Debt / Partners' Capital (Equity)</b>	<b>15.2%</b>	<b>13.9%</b>	<b>19.3%</b>

**18.5x**  
interest coverage ratio<sup>(d)</sup>

**1.3x**  
Long-Term Debt to  
Adjusted EBITDA

**19.3%**  
Long-Term Debt to Equity

(a) Cash and Corporate Treasury Investments includes Cash, Treasury Cash Management Strategies and Liquid Investments.

(b) Represents the par value of bonds outstanding.

(c) Tangible Equity includes Partners' Capital less Non-Controlling Interests in Consolidated Entities, Goodwill and Intangible Assets.

(d) Interest coverage ratio is calculated by dividing Adjusted EBITDA by Interest Expense.

# Appendix



## Total Segments

(Dollars in Thousands)	2009	2010	2011	2012
<b>Revenues</b>				
Management and Advisory Fees, Net				
Base Management Fees	\$ 999,829	\$ 1,069,471	\$ 1,281,185	\$ 1,591,403
Advisory Fees	390,718	426,140	382,240	357,417
Transaction and Other Fees, Net <sup>(a)</sup>	115,040	137,748	247,513	227,119
Management Fee Offsets <sup>(b)</sup>	(17,161)	(2,313)	(33,393)	(40,953)
Total Management and Advisory Fees, Net	1,488,426	1,631,046	1,877,545	2,134,986
Performance Fees				
Realized Carried Interest	29,452	244,963	138,907	327,422
Realized Incentive Fees	44,812	116,700	89,029	301,464
Unrealized Carried Interest	100,304	457,002	971,518	994,190
Unrealized Incentive Fees	65,563	107,624	(24,928)	(29,311)
Total Performance Fees	240,131	926,289	1,174,526	1,593,765
Investment Income				
Realized	29,544	46,915	102,575	95,398
Unrealized	3,880	501,634	82,689	190,846
Total Investment Income	33,424	548,549	185,264	286,244
Interest Income and Dividend Revenue	22,492	36,096	38,844	46,630
Other	7,096	(618)	7,415	5,149
<b>Total Revenues</b>	<b>1,791,569</b>	<b>3,141,362</b>	<b>3,283,594</b>	<b>4,066,774</b>
<b>Expenses</b>				
Compensation	769,856	859,114	960,569	1,030,776
Performance Fee Compensation				
Realized Carried Interest	2,844	70,716	43,615	96,433
Realized Incentive Fees	22,260	57,600	55,912	140,042
Unrealized Carried Interest	(69,824)	165,340	237,944	321,599
Unrealized Incentive Fees	43,641	63,306	(20,759)	(44,528)
Total Compensation and Benefits	768,777	1,216,076	1,277,281	1,544,322
Other Operating Expenses	299,029	344,516	421,342	481,445
<b>Total Expenses</b>	<b>1,067,806</b>	<b>1,560,592</b>	<b>1,698,623</b>	<b>2,025,767</b>
<b>Economic Income</b>	<b>\$ 723,763</b>	<b>\$ 1,580,770</b>	<b>\$ 1,584,971</b>	<b>\$ 2,041,007</b>
<b>Economic Net Income</b>	<b>\$ 672,677</b>	<b>\$ 1,551,838</b>	<b>\$ 1,539,208</b>	<b>\$ 1,995,299</b>
<b>Fee Related Earnings</b>	<b>\$ 461,496</b>	<b>\$ 478,171</b>	<b>\$ 546,493</b>	<b>\$ 700,313</b>
<b>Distributable Earnings</b>	<b>\$ 478,972</b>	<b>\$ 701,784</b>	<b>\$ 696,724</b>	<b>\$ 1,033,925</b>
<b>Adjusted EBITDA</b>	<b>\$ 564,046</b>	<b>\$ 813,946</b>	<b>\$ 857,385</b>	<b>\$ 1,277,637</b>

(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.

## Calculation of Certain Non-GAAP Financial Metric Components

(Dollars in Thousands)

	2009	2010	2011	2012
Realized Incentive Fees	\$ 44,812	\$ 116,700	\$ 89,029	\$ 301,464
Less: Realized Incentive Fee Compensation	(22,260)	(57,600)	(55,912)	(140,042)
<b>Net Realized Incentive Fees</b>	<b>22,552</b>	<b>59,100</b>	<b>33,117</b>	<b>161,422</b>
Realized Carried Interest	29,452	244,963	138,907	327,422
Less: Realized Carried Interest Compensation	(2,844)	(70,716)	(43,615)	(96,433)
<b>Net Realized Carried Interest</b>	<b>26,608</b>	<b>174,247</b>	<b>95,292</b>	<b>230,989</b>
Realized Investment Income	29,544	46,915	102,575	95,398
Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	(10,142)	(7,782)	(6,057)	(21,872)
<b>Net Realized Investment Income</b>	<b>19,402</b>	<b>39,133</b>	<b>96,518</b>	<b>73,526</b>
<b>Net Realizations</b>	<b>\$ 68,562</b>	<b>\$ 272,480</b>	<b>\$ 224,927</b>	<b>\$ 465,937</b>
Unrealized Incentive Fees	\$ 65,563	\$ 107,624	\$ (24,928)	\$ (29,311)
Less: Unrealized Incentive Fee Compensation	(43,641)	(63,306)	20,759	44,528
<b>Net Unrealized Incentive Fees</b>	<b>21,922</b>	<b>44,318</b>	<b>(4,169)</b>	<b>15,217</b>
Unrealized Carried Interest	100,304	457,002	971,518	994,190
Less: Unrealized Carried Interest Compensation	69,824	(165,340)	(237,944)	(321,599)
<b>Net Unrealized Carried Interest</b>	<b>170,128</b>	<b>291,662</b>	<b>733,574</b>	<b>672,591</b>
Unrealized Investment Income	3,880	501,634	82,689	190,846
Less: Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	(12,367)	(15,277)	(4,600)	(25,769)
Less: Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(a)</sup>	<b>10,142</b>	<b>7,782</b>	<b>6,057</b>	<b>21,872</b>
<b>Net Unrealized Investment Income</b>	<b>1,655</b>	<b>494,139</b>	<b>84,146</b>	<b>186,949</b>
<b>Net Unrealized</b>	<b>\$ 193,705</b>	<b>\$ 830,119</b>	<b>\$ 813,551</b>	<b>\$ 874,757</b>

Unless otherwise noted, all amounts are the respective captions from Appendix – Total Segments.

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

# GAAP Statement of Operations

(Dollars in Thousands)	2009	2010	2011	2012
<b>Revenues</b>				
Management and Advisory Fees, Net	\$ 1,482,226	\$ 1,584,748	\$ 1,811,750	\$ 2,030,693
Performance Fees				
Realized Carried Interest		244,963	138,907	327,422
Realized Incentive Fees		121,758	90,099	301,801
Realized	70,492			
Unrealized Carried Interest		457,002	971,518	994,190
Unrealized Incentive Fees		114,111	(17,864)	(30,361)
Unrealized	150,598			
Total Performance Fees	221,090	937,834	1,182,660	1,593,052
Investment Income (Loss)				
Realized	44,320	29,157	87,542	93,963
Unrealized	(3,716)	532,004	125,781	256,231
Total Investment Income	40,604	561,161	213,323	350,194
Interest and Dividend Revenue	22,680	36,218	37,427	40,354
Other	7,099	(619)	7,416	5,148
<b>Total Revenues</b>	<b>1,773,699</b>	<b>3,119,342</b>	<b>3,252,576</b>	<b>4,019,441</b>
<b>Expenses</b>				
Compensation and Benefits				
Compensation	3,778,686	3,253,226	2,421,712	2,091,698
Performance Fee Compensation				
Realized Carried Interest		70,716	43,615	96,433
Realized Incentive Fees		57,600	55,912	140,042
Realized	25,102			
Unrealized Carried Interest		165,340	237,945	321,599
Unrealized Incentive Fees		63,307	(20,759)	(44,528)
Unrealized	(26,182)			
Total Compensation and Benefits	3,777,606	3,610,189	2,738,425	2,605,244
General, Administrative and Other	443,573	466,358	566,313	548,738
Interest Expense	13,384	41,229	57,824	72,870
Fund Expenses	7,296	26,214	25,507	33,829
<b>Total Expenses</b>	<b>4,241,859</b>	<b>4,143,990</b>	<b>3,388,069</b>	<b>3,260,681</b>
<b>Other Income</b>				
Reversal of Tax Receivable Agreement Liability	-	-	197,816	-
Net Gains from Fund Investment Activities	176,694	501,994	14,935	256,145
<b>Income (Loss) Before Provision for Taxes</b>	<b>\$ (2,291,466)</b>	<b>\$ (522,654)</b>	<b>\$ 77,258</b>	<b>\$ 1,014,905</b>
Provision for Taxes	99,230	84,669	345,711	185,023
<b>Net Income (Loss)</b>	<b>\$ (2,390,696)</b>	<b>\$ (607,323)</b>	<b>\$ (268,453)</b>	<b>\$ 829,882</b>
<b>Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities</b>	<b>131,097</b>	<b>87,651</b>	<b>(24,869)</b>	<b>103,598</b>
<b>Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities</b>	<b>(14,328)</b>	<b>343,498</b>	<b>7,953</b>	<b>99,959</b>
<b>Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings</b>	<b>(1,792,174)</b>	<b>(668,444)</b>	<b>(83,234)</b>	<b>407,727</b>
<b>Net Income (Loss) Attributable to The Blackstone Group L.P.</b>	<b>\$ (715,291)</b>	<b>\$ (370,028)</b>	<b>\$ (168,303)</b>	<b>\$ 218,598</b>

## Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	2009	2010	2011	2012
<b>Net Income (Loss) Attributable to The Blackstone Group L.P.</b>	<b>\$ (715,291)</b>	<b>\$ (370,028)</b>	<b>\$ (168,303)</b>	<b>\$ 218,598</b>
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	(1,792,174)	(668,444)	(83,234)	407,727
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	(14,328)	343,498	7,953	99,959
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	131,097	87,651	(24,869)	103,598
<b>Net Income (Loss)</b>	<b>\$ (2,390,696)</b>	<b>\$ (607,323)</b>	<b>\$ (268,453)</b>	<b>\$ 829,882</b>
Provision for Taxes	99,230	84,669	345,711	185,023
<b>Income (Loss) Before Provision for Taxes</b>	<b>\$ (2,291,466)</b>	<b>\$ (522,654)</b>	<b>\$ 77,258</b>	<b>\$ 1,014,905</b>
IPO and Acquisition-Related Charges <sup>(a)</sup>	2,973,950	2,369,195	1,269,932	1,079,511
Amortization of Intangibles <sup>(b)</sup>	158,048	165,378	220,865	150,148
(Income) Loss Associated with Non-Controlling Interests in (Income) Loss of Consolidated Entities <sup>(c)</sup>	(116,769)	(431,149)	16,916	(203,557)
<b>Economic Income</b>	<b>\$ 723,763</b>	<b>\$ 1,580,770</b>	<b>\$ 1,584,971</b>	<b>\$ 2,041,007</b>
Taxes <sup>(d)</sup>	(51,086)	(28,932)	(45,763)	(45,708)
<b>Economic Net Income</b>	<b>\$ 672,677</b>	<b>\$ 1,551,838</b>	<b>\$ 1,539,208</b>	<b>\$ 1,995,299</b>
Taxes <sup>(d)</sup>	51,086	28,932	45,763	45,708
Performance Fee Adjustment <sup>(e)</sup>	(240,131)	(926,289)	(1,174,526)	(1,593,765)
Investment Income Adjustment <sup>(f)</sup>	(33,424)	(548,549)	(185,264)	(286,244)
Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(g)</sup>	12,367	15,277	4,600	25,769
Performance Fee Compensation and Benefits Adjustment <sup>(h)</sup>	(1,079)	356,962	316,712	513,546
<b>Fee Related Earnings</b>	<b>\$ 461,496</b>	<b>\$ 478,171</b>	<b>\$ 546,493</b>	<b>\$ 700,313</b>
Realized Performance Fees <sup>(i)</sup>	49,160	233,347	128,409	392,411
Realized Investment Income <sup>(i)</sup>	29,544	46,915	102,575	95,398
Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(k)</sup>	(10,142)	(7,782)	(6,057)	(21,872)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(l)</sup>	(51,086)	(48,867)	(74,696)	(132,325)
<b>Distributable Earnings</b>	<b>\$ 478,972</b>	<b>\$ 701,784</b>	<b>\$ 696,724</b>	<b>\$ 1,033,925</b>
Interest	10,238	36,666	53,201	69,152
Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(l)</sup>	51,086	48,867	74,696	132,325
Depreciation and Amortization	23,750	26,629	32,764	42,235
<b>Adjusted EBITDA</b>	<b>\$ 564,046</b>	<b>\$ 813,946</b>	<b>\$ 857,385</b>	<b>\$ 1,277,637</b>

## 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 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 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 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 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.
- (g) This adjustment represents the realized and unrealized gain on Blackstone’s Treasury Cash Management Strategies which are a component of Investment Income 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 - 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 and Realized Investment Income.
- (l) Taxes and Related Payables Including Payable Under Tax Receivable Agreement represent the current tax provision calculated on Income (Loss) Before Provision for Taxes and the Payable Under Tax Receivable Agreement.

## Deconsolidated Balance Sheet and Reconciliation to Total Net Value

(Dollars in Thousands)	2010	2011	2012		2012
<b>Assets</b>					
Cash and Cash Equivalents	\$ 588,621	\$ 754,744	\$ 709,502	→	Cash and Cash Equivalents \$ 709,502
Cash Held by Blackstone Funds and Other	57,945	46,282	154,555		Investments 7,324,538
Investments	4,301,905	5,289,125	7,324,538	↗	Less: Non-Controlling Interests <sup>(a)</sup> (1,468,115)
Accounts Receivable	454,752	347,241	402,395		Plus: Net Incentive Fees <sup>(b)</sup> 185,935
Reverse Repurchase Agreements	181,425	139,485	248,018		Less: Financing Activities <sup>(c)</sup> (75,936)
Due from Affiliates	753,056	784,095	1,114,835		<b>Total Net Value \$ 6,675,924</b>
Intangible Assets, Net	779,311	595,488	598,535		
Goodwill	1,703,602	1,703,602	1,703,602		
Other Assets	275,021	325,269	313,888		
Deferred Tax Assets	1,242,293	1,258,699	1,285,611		
<b>Total Assets</b>	<b>\$ 10,337,931</b>	<b>\$ 11,244,030</b>	<b>\$ 13,855,479</b>		
<b>Liabilities and Partners' Capital</b>					
Loans Payable	1,044,719	1,066,432	1,677,081		
Due to Affiliates	1,470,881	1,425,558	1,711,003		
Accrued Compensation and Benefits	819,925	903,260	1,254,978		
Securities Sold, Not Yet Purchased	116,153	143,825	226,425		
Repurchase Agreements	62,672	101,849	142,266		
Accounts Payable, Accrued Expenses and Other Liabilities	251,351	414,080	365,005		
<b>Total Liabilities</b>	<b>\$ 3,765,701</b>	<b>\$ 4,055,004</b>	<b>\$ 5,376,758</b>		
<b>Partners' Capital</b>					
Partners' Capital	3,888,211	4,281,841	4,955,649		
Accumulated Other Comprehensive Income	4,302	1,272	1,047		
Non-Controlling Interests in Consolidated Entities	261,200	445,393	773,669		
Non-Controlling Interests in Blackstone Entities	2,418,517	2,460,520	2,748,356		
<b>Total Partners' Capital</b>	<b>\$ 6,572,230</b>	<b>\$ 7,189,026</b>	<b>\$ 8,478,721</b>		
<b>Total Liabilities and Partners' Capital</b>	<b>\$ 10,337,931</b>	<b>\$ 11,244,030</b>	<b>\$ 13,855,479</b>		

See Appendix – Reconciliation of Consolidated Operating Partnerships to Consolidated Balance Sheet.

(a) Non-Controlling Interests are included in Investments.

(b) Net Incentive Fees are included in Accounts Receivable, Due From Affiliates and Accrued Compensation and Benefits.

(c) Financing Activities are included in Accounts Receivable, Reverse Repurchase Agreements, Due From Affiliates, Other Assets, Securities Sold, Not Yet Purchased, Repurchase Agreements and Accounts Payable, Accrued Expenses and Other Liabilities.

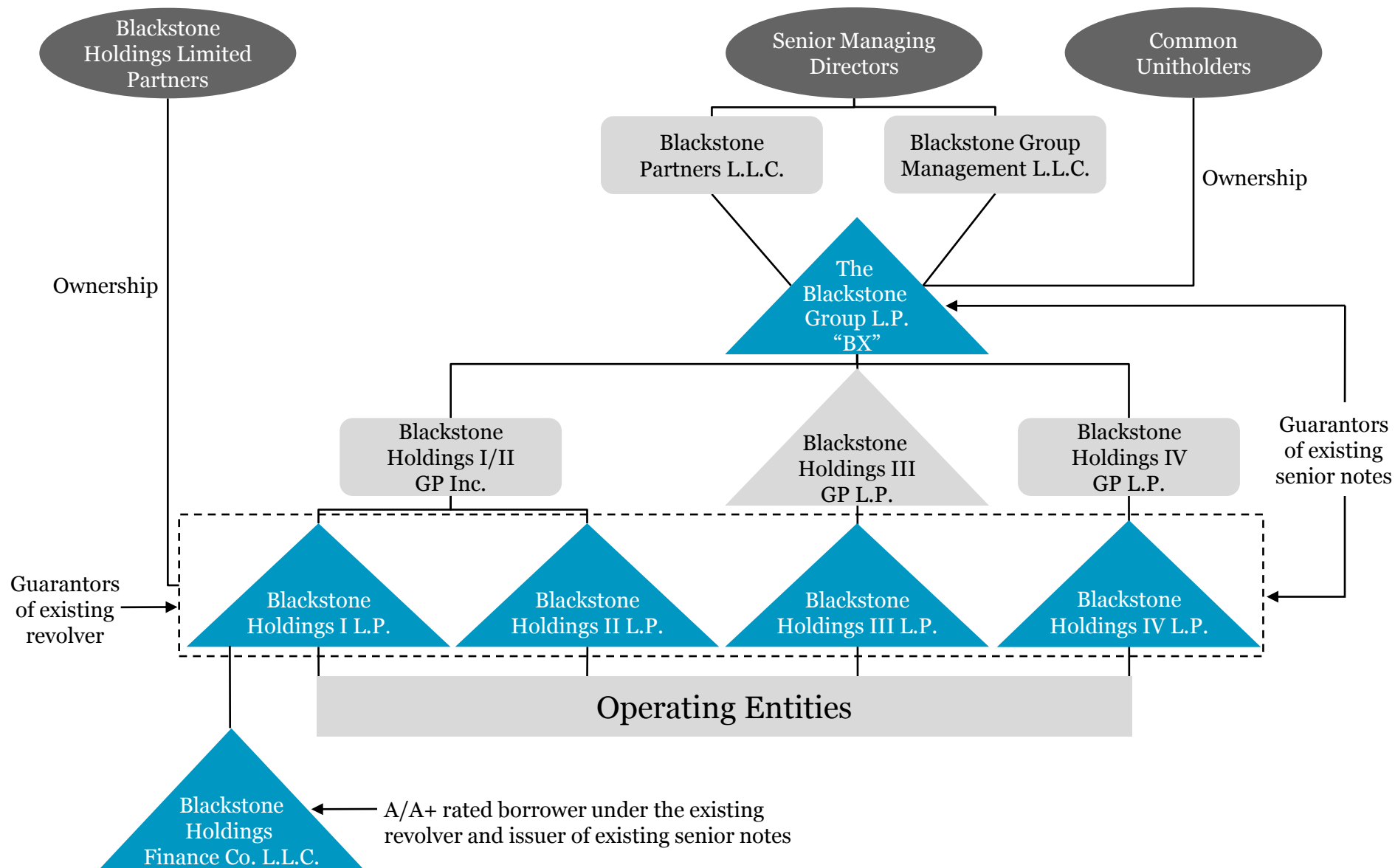
# Reconciliation of Consolidated Operating Partnerships to Consolidated Balance Sheet

(Dollars in Thousands)

	2010				2011				2012			
	Consolidated Operating Partnerships	Consolidated Blackstone Funds <sup>(a)</sup>	Reclasses and Eliminations	Consolidated	Consolidated Operating Partnerships	Consolidated Blackstone Funds <sup>(a)</sup>	Reclasses and Eliminations	Consolidated	Consolidated Operating Partnerships	Consolidated Blackstone Funds <sup>(a)</sup>	Reclasses and Eliminations	Consolidated
<b>Assets</b>												
Cash and Cash Equivalents	\$ 588,621	\$ -	\$ -	\$ 588,621	\$ 754,744	\$ -	\$ -	\$ 754,744	\$ 709,502	\$ -	\$ -	\$ 709,502
Cash Held by Blackstone Funds and Other	57,945	732,454	-	790,399	46,282	678,480	-	724,762	154,555	1,249,856	-	1,404,411
Investments	4,301,905	8,141,965	(469,398)	11,974,472	5,289,125	10,282,084	(442,910)	15,128,299	7,324,538	14,004,268	(481,536)	20,847,270
Accounts Receivable	454,752	41,149	(8)	495,893	347,241	58,899	-	406,140	402,395	235,769	-	638,164
Reverse Repurchase Agreements	181,425	-	-	181,425	139,485	-	-	139,485	248,018	-	-	248,018
Due from Affiliates	753,056	66,627	(24,288)	795,395	784,095	107,042	(30,623)	860,514	1,114,835	42,683	(37,451)	1,120,067
Intangible Assets, Net	779,311	-	-	779,311	595,488	-	-	595,488	598,535	-	-	598,535
Goodwill	1,703,602	-	-	1,703,602	1,703,602	-	-	1,703,602	1,703,602	-	-	1,703,602
Other Assets	275,021	18,173	-	293,194	325,269	12,127	-	337,396	313,888	63,618	(1,134)	376,372
Deferred Tax Assets	1,242,293	-	-	1,242,293	1,258,699	-	-	1,258,699	1,285,611	-	-	1,285,611
<b>Total Assets</b>	<b>\$ 10,337,931</b>	<b>\$ 9,000,368</b>	<b>\$ (493,694)</b>	<b>\$ 18,844,605</b>	<b>\$ 11,244,030</b>	<b>\$ 11,138,632</b>	<b>\$ (473,533)</b>	<b>\$ 21,909,129</b>	<b>\$ 13,855,479</b>	<b>\$ 15,596,194</b>	<b>\$ (520,121)</b>	<b>\$ 28,931,552</b>
<b>Liabilities and Partners' Capital</b>												
Loans Payable	1,044,719	6,154,179	-	7,198,898	1,066,432	7,801,136	-	8,867,568	1,677,081	11,374,323	-	13,051,404
Due to Affiliates	1,470,881	330,773	(39,367)	1,762,287	1,425,558	437,520	(51,610)	1,811,468	1,711,003	358,448	(66,807)	2,002,644
Accrued Compensation and Benefits	819,925	1,643	-	821,568	903,260	-	-	903,260	1,254,978	-	-	1,254,978
Securities Sold, Not Yet Purchased	116,153	535	-	116,688	143,825	-	-	143,825	226,425	-	-	226,425
Repurchase Agreements	62,672	-	-	62,672	101,849	-	-	101,849	142,266	-	-	142,266
Accounts Payable, Accrued Expenses and Other Liabilities	251,351	377,792	(8)	629,135	414,080	414,866	(73)	828,873	365,005	674,454	(571)	1,038,888
<b>Total Liabilities</b>	<b>\$ 3,765,701</b>	<b>\$ 6,864,922</b>	<b>\$ (39,375)</b>	<b>\$ 10,591,248</b>	<b>\$ 4,055,004</b>	<b>\$ 8,653,522</b>	<b>\$ (51,683)</b>	<b>\$ 12,656,843</b>	<b>\$ 5,376,758</b>	<b>\$ 12,407,225</b>	<b>\$ (67,378)</b>	<b>\$ 17,716,605</b>
<b>Redeemable Non-Controlling Interests in Consolidated Entities</b>	<b>\$ -</b>	<b>\$ 659,390</b>	<b>\$ -</b>	<b>\$ 659,390</b>	<b>\$ -</b>	<b>\$ 1,091,833</b>	<b>\$ -</b>	<b>\$ 1,091,833</b>	<b>\$ -</b>	<b>\$ 1,556,185</b>	<b>\$ -</b>	<b>\$ 1,556,185</b>
<b>Partners' Capital</b>												
Partners' Capital	\$ 3,888,211	\$ 458,012	\$ (458,012)	\$ 3,888,211	\$ 4,281,841	\$ 421,898	\$ (421,898)	\$ 4,281,841	\$ 4,955,649	\$ 455,309	\$ (455,309)	\$ 4,955,649
Appropriated Partners' Capital	-	470,583	-	470,583	-	386,864	-	386,864	-	509,028	-	509,028
Accumulated Other Comprehensive Income	4,302	-	-	4,302	1,272	686	-	1,958	1,047	1,123	-	2,170
Non-Controlling Interests in Consolidated Entities	261,200	547,461	3,693	812,354	445,393	583,829	48	1,029,270	773,669	667,324	2,566	1,443,559
Non-Controlling Interests in Blackstone Holdings	2,418,517	-	-	2,418,517	2,460,520	-	-	2,460,520	2,748,356	-	-	2,748,356
<b>Total Partners' Capital</b>	<b>\$ 6,572,230</b>	<b>\$ 1,476,056</b>	<b>\$ (454,319)</b>	<b>\$ 7,593,967</b>	<b>\$ 7,189,026</b>	<b>\$ 1,393,277</b>	<b>\$ (421,850)</b>	<b>\$ 8,160,453</b>	<b>\$ 8,478,721</b>	<b>\$ 1,632,784</b>	<b>\$ (452,743)</b>	<b>\$ 9,658,762</b>
<b>Total Liabilities and Partners' Capital</b>	<b>\$ 10,337,931</b>	<b>\$ 9,000,368</b>	<b>\$ (493,694)</b>	<b>\$ 18,844,605</b>	<b>\$ 11,244,030</b>	<b>\$ 11,138,632</b>	<b>\$ (473,533)</b>	<b>\$ 21,909,129</b>	<b>\$ 13,855,479</b>	<b>\$ 15,596,194</b>	<b>\$ (520,121)</b>	<b>\$ 28,931,552</b>

(a) The Consolidated Blackstone Funds consisted of the following: GSO Co-Investment Partners LLC (2010 only), The Asia Opportunities Fund L.P. (2010 only), Blackstone Hedged Equity Fund L.P. (2012 only), Shanghai Blackstone 14 Blackstone Equity Investment Partnership L.P. (2011/2012 only), Blackstone Strategic Alliance Fund II L.P. (2011/2012 only), Blackstone Distressed Securities Fund L.P., Blackstone Market Opportunities Fund L.P., Blackstone Strategic Alliance Fund L.P., Blackstone Strategic Equity Fund L.P., Blackstone Value Recovery Fund L.P., Blackstone/GSO Secured Trust Ltd., BTD CP Holdings, LP, GSO Legacy Associates II LLC, GSO Legacy Associates LLC, Private Equity side-by-side investment vehicles, Real Estate side-by-side investment vehicles, Mezzanine side-by-side investment vehicles and Collateralized Loan Obligation vehicles.

# Ownership Structure



The simplified diagram set forth above depicts our current structure. The diagram does not depict all of our subsidiaries, including intermediate holding companies through which the subsidiaries depicted may be held.



## 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 Tax Receivable Agreement. DE is reconciled to Blackstone’s Consolidated Statement of Operations.
- Blackstone uses Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization, or “Adjusted EBITDA”, as a measure of segment performance and an indicator of its ability to cover recurring operating expenses. Adjusted EBITDA equals DE before segment interest expense, segment depreciation and amortization, and the taxes and related payables including the Payable Under Tax Receivable Agreement.

## 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, 2012, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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