

Blackstone

Blackstone Reports Full Year and Fourth Quarter Results

New York, January 29, 2015: Blackstone (NYSE:BX) today reported its full year and fourth quarter 2014 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Blackstone reported record full year 2014 results across all of our key metrics. Economic Net Income (“ENI”) rose 24% and Distributable Earnings (“DE”) rose 64%, respectively, from the prior year record amounts. Our ENI and DE have both compounded at double-digit annual rates since the time of our public offering seven years ago, demonstrating sustained exceptional investment performance and growth across the platform. While we distributed a record \$45 billion to our fund investors during the year through realizations, our significant inflows of \$57 billion and strong investment performance propelled total AUM to a record \$290 billion. Looking forward, we see continued momentum across all of our businesses as the environment for both investing opportunistically and harvesting more seasoned assets remains attractive.”

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

Distribution

Blackstone has declared a quarterly distribution of \$0.78 per common unit to record holders of common units at the close of business on February 9, 2015. This distribution will be paid on February 17, 2015.

Quarterly Investor Call Details

Blackstone will host a conference call on January 29, 2015 at 11:00 a.m. ET to discuss full year and fourth quarter 2014 results. The conference call can be accessed via the Investors section of Blackstone’s website at www.Blackstone.com or by dialing +1 (877) 391-6747 (U.S. domestic) or +1 (617) 597-9291 (international), pass code 149 943 55#. For those unable to listen to the live broadcast, a replay will be available on www.Blackstone.com or by dialing +1 (888) 286-8010 (U.S. domestic) or +1 (617) 801-6888 (international), pass code 836 608 35#.

About Blackstone

Blackstone is one of the world’s leading investment firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, and the communities in which we work. We do this by using extraordinary people and flexible capital to help companies solve problems. Our asset management businesses, with almost \$300 billion in assets under management, include investment vehicles focused on

private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. Blackstone also provides various financial advisory services, including financial and strategic advisory, restructuring and reorganization advisory and fund placement services. Further information is available at www.Blackstone.com. Follow Blackstone on Twitter [@Blackstone](https://twitter.com/Blackstone).

Forward-Looking Statements

This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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

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Blackstone's Full Year and Fourth Quarter 2014 Earnings

January 29, 2015

Blackstone's Full Year and Fourth Quarter 2014 Highlights

- ▶ Blackstone reported record full year earnings, assets, and distributions in 2014.
- ▶ Economic Net Income (“ENI”) was \$4.3 billion (\$3.76/unit) for the year, up 24% from last year, as Blackstone’s funds appreciated \$24.5 billion, outperforming the relevant market indices by a wide margin.
- ▶ Distributable Earnings (“DE”) continued to accelerate to a record \$3.1 billion (\$2.51/unit), up 64% year-over-year on \$44.6 billion of realizations from IPOs, secondary sales, and distributions for 2014.
 - Fund activity generated \$2.7 billion of Realized Performance Fees during the year, up 91% from \$1.4 billion in the prior year.
- ▶ GAAP Net Income was \$1.6 billion for the year, net of certain non-cash IPO and transaction related expenses and net income attributable to non-controlling interests, primarily inside ownership.
- ▶ Total AUM was a record \$290 billion, up 9% year-over-year, despite returning \$56.8 billion of capital to investors during the year.
 - Capital raised totaled \$19.1 billion for the fourth quarter and \$56.9 billion for the year.
- ▶ Increased investment activity led to \$8.1 billion of capital invested during the fourth quarter of 2014, bringing the full year total to \$26.4 billion, up 73%.
 - Of the \$26.4 billion, 47% was deployed outside of North America and 48% was deployed in products launched since the IPO, reflecting the firm’s unique geographic and product diversification.
- ▶ Blackstone declared a fourth quarter distribution of \$0.78 per common unit payable on February 17, 2015, bringing the full year distribution to \$2.12 per common unit, up 58% from last year.

Blackstone's Full Year and Fourth Quarter 2014 Earnings

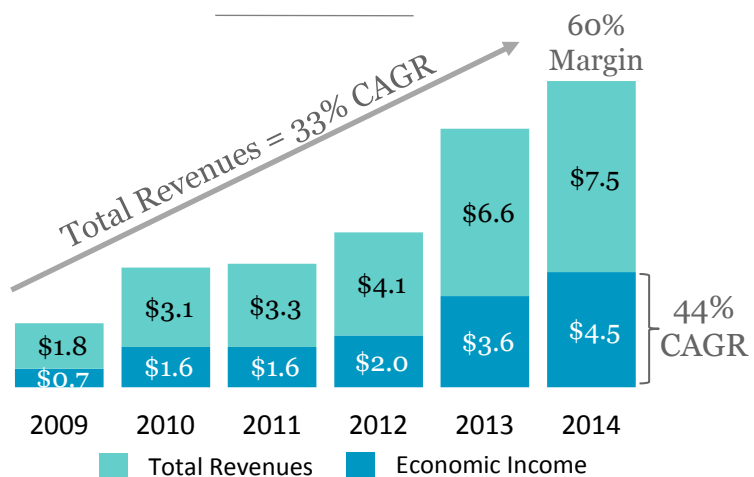
(Dollars in Thousands, Except per Unit Data)	4Q'13	4Q'14	% Change vs. 4Q'13	FY'13	FY'14	% Change vs. FY'13
Fee Revenues	\$ 648,246	\$ 715,851	10%	\$ 2,367,322	\$ 2,673,789	13%
Performance Fees	1,688,219	1,323,338	(22)%	3,556,373	4,391,877	23%
Investment Income ^(a)	356,743	98,424	(72)%	687,805	471,628	(31)%
Total Revenues	\$ 2,693,208	\$ 2,137,613	(21)%	\$ 6,611,500	\$ 7,537,294	14%
Total Expenses	1,109,921	607,231	(45)%	3,015,461	2,992,796	(1)%
Taxes	41,189	83,649	103%	82,164	199,512	143%
Economic Net Income ("ENI")	\$ 1,542,098	\$ 1,446,733	(6)%	\$ 3,513,875	\$ 4,344,986	24%
<i>ENI per Unit</i>	<i>\$ 1.35</i>	<i>\$ 1.25</i>	<i>(7)%</i>	<i>\$ 3.07</i>	<i>\$ 3.76</i>	<i>22%</i>
GAAP Net Income	\$ 621,255	\$ 551,451	(11)%	\$ 1,171,202	\$ 1,584,589	35%
Fee Related Earnings ("FRE")	\$ 260,706	\$ 374,210	44%	\$ 745,469	\$ 967,438	30%
Distributable Earnings ("DE")	\$ 820,629	\$ 1,129,780	38%	\$ 1,862,699	\$ 3,057,833	64%
<i>DE per Common Unit</i>	<i>\$ 0.68</i>	<i>\$ 0.92</i>	<i>35%</i>	<i>\$ 1.56</i>	<i>\$ 2.51</i>	<i>61%</i>
Total Assets Under Management	265,757,630	290,381,069	9%	265,757,630	290,381,069	9%
Fee-Earning Assets Under Management	197,981,739	216,691,799	9%	197,981,739	216,691,799	9%

(a) 4Q'13 includes the impact of the Hilton IPO.

Sustained Outperformance and Strong Forward Indicators

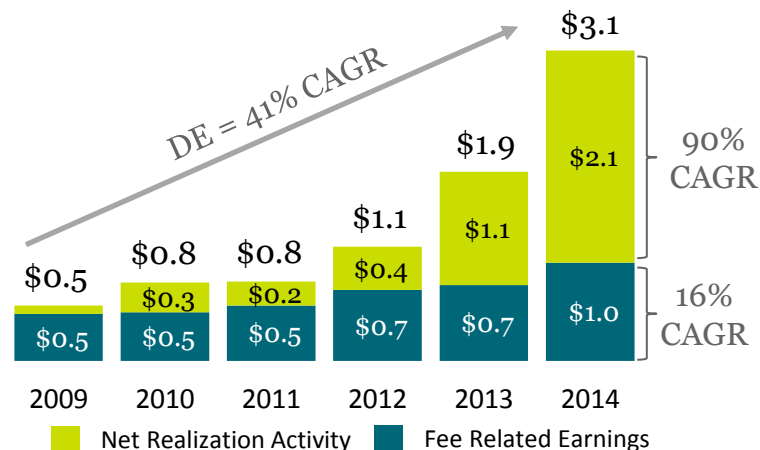
Total Revenues and Economic Income

(Dollars in Billions)



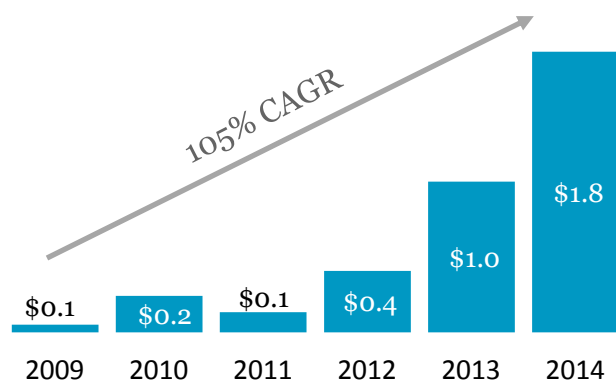
Distributable Earnings

(Dollars in Billions)



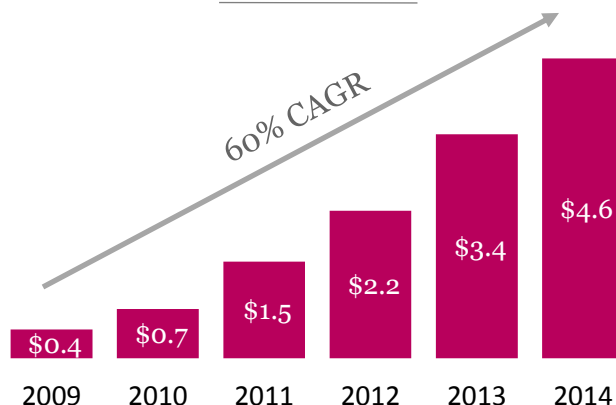
Net Realized Performance Fees

(Dollars in Billions)



Net Performance Fee Receivable

(Dollars in Billions)



Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

	4Q'14		FY'14	
	Results	Per Unit	Results	Per Unit
▶ Base Management Fees	\$ 508,588		\$ 1,987,529	
▶ Advisory Fees	151,837		420,845	
▶ Transaction and Other Fees, Net	46,446		246,437	
▶ Management Fee Offsets	(27,146)		(86,771)	
▶ Interest Income and Other Revenue	31,467		106,691	
▶ Compensation	(199,525)		(1,153,511)	
▶ Other Operating Expenses	(137,457)		(553,782)	
Fee Related Earnings	\$ 374,210	\$ 0.33	\$ 967,438	\$ 0.85
▶ Net Realized Incentive Fees	82,851		151,646	
▶ Net Realized Carried Interest	616,621		1,634,953	
▶ Net Realized Investment Income	153,862		536,358	
▶ Taxes and Related Payables	(108,456)		(280,788)	
▶ Equity-Based Compensation	10,692		48,226	
Distributable Earnings	\$ 1,129,780	\$ 0.92	\$ 3,057,833	\$ 2.51
▶ Net Unrealized Incentive Fees	(82,439)		(10,149)	
▶ Net Unrealized Carried Interest	436,056		1,329,924	
▶ Net Unrealized Investment Loss	(50,779)		(65,672)	
▶ Add Back: Related Payables	24,807		81,276	
▶ Less: Equity-Based Compensation	(10,692)		(48,226)	
Economic Net Income	\$ 1,446,733	\$ 1.25	\$ 4,344,986	\$ 3.76

Fee Earnings

Distributable Earnings

Economic Net Income

See page 31, Walkdown of Financial Metrics – Calculation of Certain Non-GAAP Financial Metric Components for the calculation of the amounts presented herein that are not the respective captions on page 20, Total Segments. 4Q'14 Fee Related Earnings per Unit is based on 1,148,024,427 DE Units Outstanding; DE per Unit is based on 611,480,457 Total Common Units Outstanding; and ENI per Unit is based on 1,159,309,726 and 1,155,729,493 Weighted-Average ENI Adjusted Units for 4Q'14 and FY'14, respectively (see page 32, Unit Rollforward).

Private Equity

- ▶ Record Total Revenues and Economic Income of \$2.7 billion and \$1.8 billion for the year, respectively.
 - Appreciation of 4.2% during the quarter and 21.6% during the year on strong operating performance in BCP V (up 27.2%) and continued positive performance of BCP VI (up 21.9%).
 - Total Private Equity net returns inception-to-date were 16% as of year end.
 - BCP V generated \$834 million of Performance Fees during the quarter and \$1.6 billion for the year.
- ▶ Realization activity remained strong with \$4.2 billion during the quarter and \$15.4 billion during the year driven by public and strategic exits in the corporate private equity funds.
 - Fourth quarter realizations included the sale of United Biscuits and the secondary sales of Pinnacle, Hilton, Merlin, Nielsen and Kosmos. 41%, or \$14.1 billion, of the Corporate Private Equity portfolio is publicly traded.
- ▶ Investment activity remained robust, with \$3.6 billion total capital invested during the quarter and \$11.2 billion during the year, up 170% and 280%, respectively^(a).
- ▶ At quarter end, an additional \$2.9 billion of capital was committed not yet deployed.
- ▶ Raised \$6.0 billion of new capital during the quarter: second energy fund, tactical opportunities fund and the new high net worth focused total alternative solutions fund.
- ▶ Commenced fundraising for seventh global private equity fund.

(Dollars in Thousands)	4Q'13	4Q'14	% Change vs. 4Q'13	FY'13	FY'14	% Change vs. FY'13
Fee Revenues	\$ 123,044	\$ 123,384	0%	\$ 479,312	\$ 559,889	17%
Performance Fees	486,641	754,388	55%	728,225	1,977,230	172%
Investment Income	116,112	27,162	(77)%	249,775	178,805	(28)%
Total Revenues	725,797	904,934	25%	1,457,312	2,715,924	86%
Compensation	56,370	51,095	(9)%	236,120	276,447	17%
Performance Fee Compensation	276,207	114,924	(58)%	381,686	476,839	25%
Other Operating Expenses	32,767	36,590	12%	124,137	142,898	15%
Total Expenses	365,344	202,609	(45)%	741,943	896,184	21%
Economic Income	\$ 360,453	\$ 702,325	95%	\$ 715,369	\$ 1,819,740	154%
Total AUM	\$ 65,675,031	\$ 73,073,252	11%	\$ 65,675,031	\$ 73,073,252	11%
Fee-Earning AUM	\$ 42,600,515	\$ 43,890,167	3%	\$ 42,600,515	\$ 43,890,167	3%

21.6%

FY'14 increase in fund carrying value

\$1.1 billion

increase in 2014 Economic Income

\$1.7 billion

Net Accrued Performance Fees

(a) 4Q'14 and FY'14 Total Capital Invested: Corporate Private Equity \$1.1 billion and \$6.4 billion, tactical opportunities funds \$1.2 billion and \$2.6 billion, Strategic Partners \$1.3 billion and \$2.1 billion, respectively.

Real Estate

- ▶ Total Revenues and Economic Income of \$3.0 billion and \$1.9 billion for the year, respectively, reflecting strong operating fundamentals and demand across the global real estate portfolio.
 - Opportunistic Real Estate funds' carrying value appreciated 6.6% for the quarter and 20.9% for the year.
 - Inception-to-date net returns were 17% as of year end.
- ▶ Record realizations of \$19.9 billion for the year resulted in Realized Performance Fees nearly tripling to \$1.5 billion. 24%, or \$15.2 billion, of the opportunistic Real Estate portfolio is publicly traded.
 - \$5.8 billion of realizations were under contract at year end or have closed since year end.
- ▶ Investment activity continued at a record pace with \$3.6 billion of total capital invested in the quarter and \$11.5 billion invested in 2014.
 - At quarter end, an additional \$2.5 billion of capital was committed not yet deployed.
 - 62% of capital deployed in 2014 was invested outside of North America, highlighting the platform's ability to opportunistically deploy capital in scale across geographies.
- ▶ Raised \$9.7 billion of new capital during the year: fourth European fund, Asia fund, debt strategies, and Core+.
- ▶ BXMT, the commercial mortgage REIT, increased its quarterly dividend to \$0.52 per share (7.1% annualized yield), and concluded 2014 with a market capitalization of \$1.7 billion, up from \$800 million a year ago.

(Dollars in Thousands)			% Change				% Change	
	4Q'13	4Q'14	vs. 4Q'13	FY'13	FY'14	vs. FY'13		
Fee Revenues	\$ 187,081	\$ 184,619	(1)%	\$ 646,983	\$ 718,729	11%		
Performance Fees	958,463	603,109	(37)%	2,155,582	2,017,786	(6)%		
Investment Income	224,926	77,537	(66)%	402,560	250,165	(38)%		
Total Revenues	1,370,470	865,265	(37)%	3,205,125	2,986,680	(7)%		
Compensation	75,625	69,916	(8)%	294,222	326,317	11%		
Performance Fee Compensation	333,047	177,691	(47)%	724,537	633,399	(13)%		
Other Operating Expenses	29,698	40,296	36%	116,391	146,083	26%		
Total Expenses	438,370	287,903	(34)%	1,135,150	1,105,799	(3)%		
Economic Income	\$ 932,100	\$ 577,362	(38)%	\$ 2,069,975	\$ 1,880,881	(9)%		
Total AUM	\$ 79,410,788	\$ 80,863,187	2%	\$ 79,410,788	\$ 80,863,187	2%		
Fee-Earning AUM	\$ 50,792,803	\$ 52,563,068	3%	\$ 50,792,803	\$ 52,563,068	3%		

20.9%

FY'14 increase in fund carrying value

\$1.5 billion

FY'14 Realized Performance Fees

\$2.6 billion

Net Accrued Performance Fees

Hedge Fund Solutions

- ▶ Total Revenues and Economic Income of \$658 million and \$398 million for the year, respectively, driven by a 16% increase in Fee-Earning AUM from sustained growth in organic net inflows.
- ▶ Despite more difficult markets globally, the composite gross return was up 0.7% for the quarter and 7.0% for the year which generated \$141 million of Realized Performance Fees.
- ▶ Fee-Earning gross inflows of \$1.9 billion during the quarter and \$12.0 billion for the year, driven by significant investments in customized and commingled strategies.
 - Following record second quarter and third quarter gross inflows, BAAM continued to raise assets across all business lines during the quarter driven by significant investments in customized and commingled strategies and individual investor solutions.
 - January 1 subscriptions of \$622 million are not yet included in Fee-Earning AUM.
- ▶ Total AUM for BAAM's registered product platform reached \$3.2 billion during the year.

(Dollars in Thousands)	4Q'13	4Q'14	% Change vs. 4Q'13	FY'13	FY'14	% Change vs. FY'13
Fee Revenues	\$ 114,389	\$ 128,950	13%	\$ 414,850	\$ 491,505	18%
Performance Fees	76,881	11,035	(86)%	215,453	139,650	(35)%
Investment Income	6,087	455	(93)%	18,307	26,682	46%
Total Revenues	197,357	140,440	(29)%	648,610	657,837	1%
Compensation	28,147	5,806	(79)%	136,470	131,658	(4)%
Performance Fee Compensation	18,878	(3,114)	n/m	68,649	42,178	(39)%
Other Operating Expenses	15,697	21,068	34%	66,966	86,129	29%
Total Expenses	62,722	23,760	(62)%	272,085	259,965	(4)%
Economic Income	\$ 134,635	\$ 116,680	(13)%	\$ 376,525	\$ 397,872	6%
Total AUM	\$ 55,657,463	\$ 63,585,670	14%	\$ 55,657,463	\$ 63,585,670	14%
Fee-Earning AUM	\$ 52,865,837	\$ 61,417,558	16%	\$ 52,865,837	\$ 61,417,558	16%

7.0%

FY'14 Gross Composite Return

\$34.7 billion

Incentive Fee Eligible AUM at FY'14

\$12.0 billion

FY'14 Fee-Earning Gross Inflows

The BAAM Principal Solutions ("BPS") Composite does not include BAAM's individual investor solutions (i.e., liquid alternatives), long-only equity, long-biased commodities, ventures (i.e., seeding and minority interests) and strategic opportunities (i.e., co-investments) platforms except where a BPS fund invests directly into those platforms. BAAM's advisory platforms and liquidating funds are also excluded. On a net of fees basis, the BPS Composite was up 0.5% for the quarter and 5.9% for the full year.

Credit

- ▶ Fee Revenues up 16% year-over-year, reflecting strong Fee-Earning AUM growth however Performance Fees were 44% lower due to challenging market conditions largely in the fourth quarter.
- ▶ Certain credit-focused fund performance was impacted by weaker market conditions for lower rated credits in the fourth quarter.
- ▶ Launched nine CLOs totaling \$5.6 billion in Fee-Earning AUM during the year, including three during the fourth quarter which totaled \$1.7 billion.
- ▶ Raised capital for a new energy fund, additional credit alpha funds and a European senior debt fund during the quarter, totaling \$2.0 billion.
- ▶ Realized proceeds in drawdown funds of \$349 million in the fourth quarter and \$3.1 billion during the year while achieving record total AUM of \$72.9 billion.
- ▶ Fee-Earning AUM up 14% year-over-year to \$58.8 billion due to robust net inflows throughout the year.

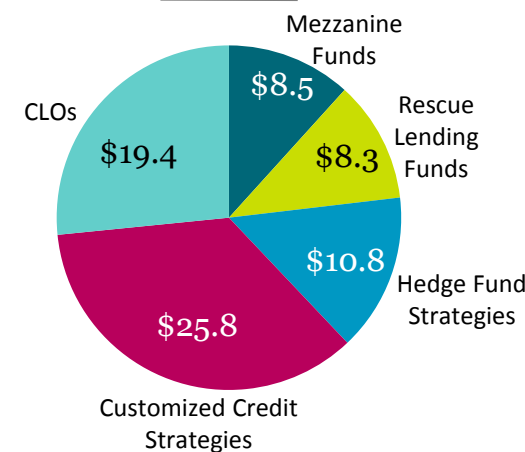
Investment Performance

	Gross Returns	
	4Q'14	FY'14
Mezzanine Funds	(0.3)%	25.4%
Rescue Lending Funds	(4.5)%	15.4%
Hedge Fund Strategies	(4.1)%	0.2%

(Dollars in Thousands)	4Q'13	4Q'14	% Change vs. 4Q'13	FY'13	FY'14	% Change vs. FY'13
Fee Revenues	\$ 80,873	\$ 123,735	53%	\$ 405,088	\$ 470,928	16%
Performance Fees	166,234	(45,194)	n/m	457,113	257,211	(44)%
Investment Income (Loss)	8,892	(6,417)	n/m	18,049	14,409	(20)%
Total Revenues	255,999	72,124	(72)%	880,250	742,548	(16)%
Compensation	31,802	31,261	(2)%	186,514	188,200	1%
Performance Fee Compensation	89,930	(19,252)	n/m	238,310	133,087	(44)%
Other Operating Expenses	29,566	14,666	(50)%	96,940	90,524	(7)%
Total Expenses	151,298	26,675	(82)%	521,764	411,811	(21)%
Economic Income	\$ 104,701	\$ 45,449	(57)%	\$ 358,486	\$ 330,737	(8)%
Total AUM	\$ 65,014,348	\$ 72,858,960	12%	\$ 65,014,348	\$ 72,858,960	12%
Fee-Earning AUM	\$ 51,722,584	\$ 58,821,006	14%	\$ 51,722,584	\$ 58,821,006	14%

\$72.9 billion

4Q'14 Total AUM



Investment Performance represents weighted-average performance of the assets of the respective flagship funds within each strategy as of December 31, 2014. Hedge Fund Strategies net returns were (4.1)% for 4Q'14 and (1.5)% for FY'14, Mezzanine Funds net returns were (0.7)% for 4Q'14 and 19.0% for FY'14 and Rescue Lending Funds net returns were (3.9)% for 4Q'14 and 11.9% for FY'14. Customized Credit Strategies includes business development companies ("BDCs"), closed-end funds, commingled funds, the exchange traded fund and separately managed accounts.

Financial Advisory

- ▶ Total Revenues reached a record \$434 million during the year, primarily from increased activity in Blackstone Advisory Partners.
- ▶ Blackstone Advisory Partners Fee Revenues increased year-over-year by almost 40% due to improving global mergers and acquisitions activity as well as a greater number of closed transactions.
- ▶ While Restructuring Fee Revenues decreased 20% compared to the prior year due to the timing of a number of deal closings, 2014 was one of the group's best years in its history.
- ▶ Park Hill's placement business revenue was a record and up slightly year-over-year led by a significant increase in secondary advisory activity, which was partially offset by a decline in real estate revenue.
- ▶ Blackstone Capital Markets had another positive year as it acted as an underwriter or arranger on over 25 deals, including the IPOs for Catalent, La Quinta and Vivint Solar, as well as the debt financings for Gates, Ipreo, and Cheniere.
- ▶ On October 10, 2014, Blackstone announced the tax-free spin-off of its financial advisory business (excluding capital markets) to Blackstone unitholders. The business will combine with PJT Partners to create an independent, world-class, publicly traded advisory firm.

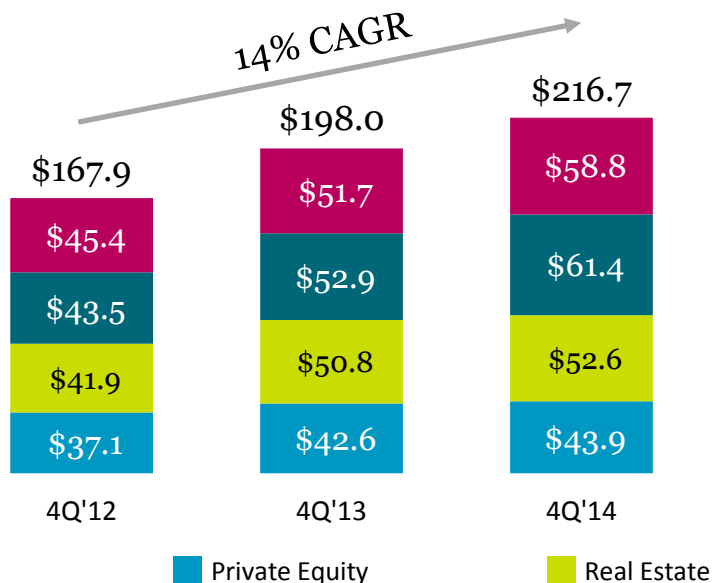
(Dollars in Thousands)	4Q'13	4Q'14	% Change vs. 4Q'13	FY'13	FY'14	% Change vs. FY'13
Fee Revenues	\$ 142,859	\$ 155,163	9%	\$ 421,089	\$ 432,738	3%
Investment Income (Loss)	726	(313)	n/m	(886)	1,567	n/m
Total Revenues	143,585	154,850	8%	420,203	434,305	3%
Compensation	70,744	41,447	(41)%	262,314	230,889	(12)%
Other Operating Expenses	21,443	24,837	16%	82,205	88,148	7%
Total Expenses	92,187	66,284	(28)%	344,519	319,037	(7)%
Economic Income	\$ 51,398	\$ 88,566	72%	\$ 75,684	\$ 115,268	52%

Assets Under Management

- ▶ Record Fee-Earning AUM of \$216.7 billion was up 9% over the last year as \$49.9 billion of gross inflows outpaced \$31.5 billion of realizations and outflows.
 - Fee-Earning AUM drove Base Management Fees up 14% to \$2.0 billion in 2014.
- ▶ Total AUM increased 9% year-over-year to \$290.4 billion driven by \$56.9 billion from gross inflows and \$24.5 billion from consistently strong market appreciation.

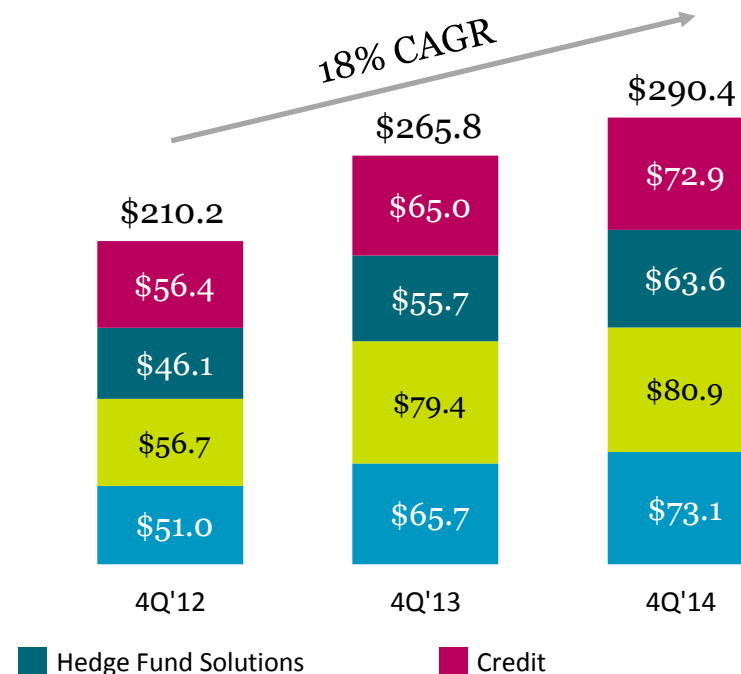
Fee-Earning AUM by Segment

(Dollars in Billions)



Total AUM by Segment

(Dollars in Billions)



Fee-Earning Assets Under Management

4Q'14 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'14	\$ 43,818	\$ 52,308	\$ 62,037	\$ 56,657	\$ 214,820
Inflows	1,175	3,461	1,908	5,586	12,130
Outflows	(3)	(69)	(2,147)	(1,306)	(3,525)
Realizations	(1,225)	(2,737)	(11)	(922)	(4,895)
Net Inflows (Outflows)	(53)	655	(250)	3,358	3,710
Market Activity	125	(400)	(369)	(1,194)	(1,838)
4Q'14	\$ 43,890	\$ 52,563	\$ 61,418	\$ 58,821	\$ 216,692
QoQ Increase (Decrease)	0%	0%	(1)%	4%	1%

FY'14 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
4Q'13	\$ 42,601	\$ 50,793	\$ 52,866	\$ 51,723	\$ 197,982
Inflows	6,757	11,536	12,021	19,536	49,850
Outflows	(1,124)	(295)	(5,363)	(3,915)	(10,697)
Realizations	(4,734)	(8,720)	(312)	(7,029)	(20,795)
Net Inflows	899	2,521	6,346	8,592	18,358
Market Activity	390	(750)	2,206	(1,494)	352
4Q'14	\$ 43,890	\$ 52,563	\$ 61,418	\$ 58,821	\$ 216,692
YoY Increase	3%	3%	16%	14%	9%

4Q'14 Highlights

Private Equity

- ▶ **Inflows:** Tactical opportunities investment vehicles (\$723 million); total alternative solutions fund capital raised (\$441 million); secondary infrastructure fund capital raised (\$100 million).
- ▶ **Realizations:** BCP V and BCP IV strategic and public dispositions including sale of United Biscuits and secondary sales of Pinnacle, Hilton, Merlin, Nielsen and Kosmos.

Real Estate

- ▶ **Inflows:** Fourth European fund (\$1.7 billion); Asia fund (\$0.4 billion); Core+ (\$0.3 billion); BREDS capital raised and/or invested (\$1.1 billion).
- ▶ **Realizations:** BREP V (\$0.2 billion); BREP VI (\$0.9 billion); BREP Europe III (\$0.3 billion); BREP Co-Investment (\$0.5 billion); BREDS (\$0.6 billion).

Hedge Fund Solutions

- ▶ **Inflows:** Customized solutions (\$876 million); commingled products (\$290 million); specialized solutions (\$228 million); individual investor solutions (\$514 million).
- ▶ **Outflows:** Redemptions reflect seasonally higher activity in commingled and customized products due to investors' liquidity needs and certain strategic shifts in their programs.

Credit

- ▶ **Inflows:** CLOs (\$564 million U.S., \$1.1 billion European); BDCs (\$1.7 billion); Hedge Fund Strategies (\$999 million); Carry Funds (\$832 million).
- ▶ **Outflows:** BDCs (\$269 million); BTS (\$434 million); hedge fund strategies (\$358 million).

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

Total Assets Under Management

4Q'14 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'14	\$ 69,890	\$ 80,189	\$ 64,184	\$ 70,152	\$ 284,415
Inflows	6,166	4,477	1,957	6,520	19,120
Outflows	(865)	(186)	(2,181)	(1,472)	(4,704)
Realizations	(4,165)	(6,799)	(15)	(1,006)	(11,985)
Net Inflows (Outflows)	1,136	(2,508)	(239)	4,042	2,431
Market Activity	2,047	3,182	(359)	(1,335)	3,535
4Q'14	\$ 73,073	\$ 80,863	\$ 63,586	\$ 72,859	\$ 290,381
QoQ Increase (Decrease)	5%	1%	(1)%	4%	2%

FY'14 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
4Q'13	\$ 65,675	\$ 79,411	\$ 55,657	\$ 65,014	\$ 265,758
Inflows	13,677	11,080	11,429	20,764	56,950
Outflows	(1,624)	(896)	(5,430)	(4,221)	(12,171)
Realizations	(15,379)	(20,390)	(417)	(8,433)	(44,619)
Net Inflows (Outflows)	(3,326)	(10,206)	5,582	8,110	160
Market Activity	10,724	11,658	2,347	(266)	24,463
4Q'14	\$ 73,073	\$ 80,863	\$ 63,586	\$ 72,859	\$ 290,381
YoY Increase	11%	2%	14%	12%	9%

4Q'14 Highlights

Private Equity

- ▶ **Inflows:** Fundraising for second energy fund (\$4.5 billion), tactical opportunities fund (\$1.0 billion) and total alternative solutions fund (\$446 million).
- ▶ **Realizations:** Disposition activity across the segment including BCP V (\$2.9 billion), Strategic Partners (\$401 million), BCP IV (\$359 million), and Tactical Opportunities (\$344 million).

Real Estate

- ▶ **Market Activity:** 6.6% appreciation, driven by sustained strong operating fundamentals in the BREP private portfolio (up 6.8% or \$2.6 billion) and public portfolio appreciation (up 6.0% or \$1.1 billion).
- ▶ **Realizations:** Record realization activity of \$6.8 billion in the quarter and \$20.4 billion for the year.

Hedge Fund Solutions

- ▶ **Market Activity:** Composite gross return was up 0.7% for the quarter and 7.0% for the year.

Credit

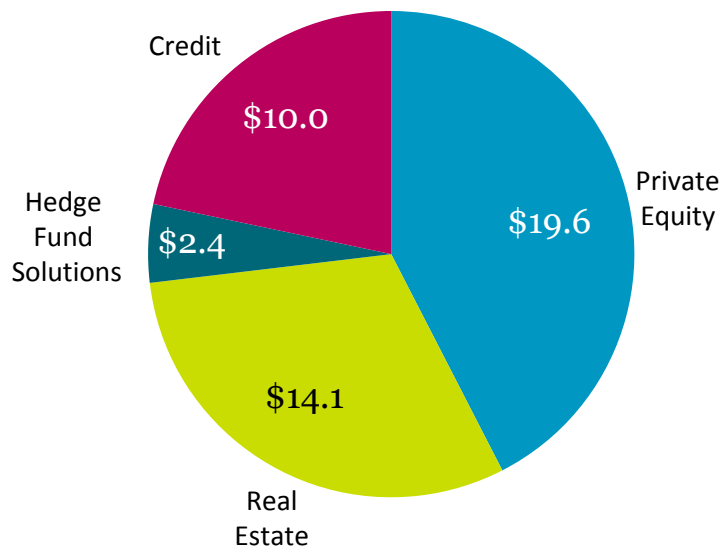
- ▶ **Realizations:** Returns to CLO investors (\$146 million U.S., \$510 million European); carry funds (\$349 million).

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

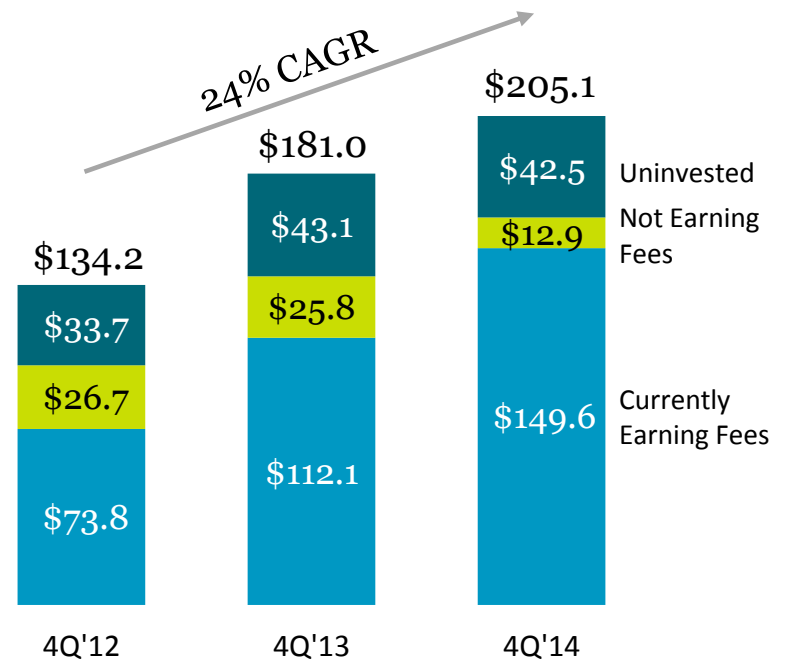
Additional Capital Detail

- ▶ Undrawn capital (“Total Dry Powder”) of \$46.1 billion remains stable, despite \$30.6 billion of total capital invested and/or committed over the last year.
- ▶ Performance Fee Eligible AUM reached \$205.1 billion at the end of the quarter, up 13% year-over-year.
- ▶ Net inflows and strong investment performance drove a 34% year-over-year increase in assets currently earning Performance Fees to \$149.6 billion.

\$46.1 billion 4Q'14 Total Dry Powder



\$205 billion Performance Fee Eligible AUM

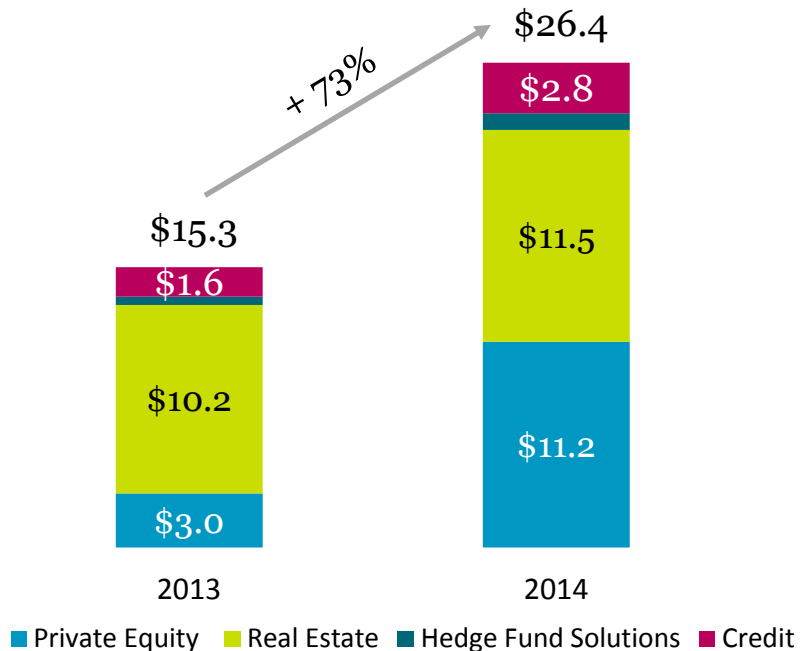


Capital Invested

- ▶ Blackstone continues to raise and deploy capital at an offsetting pace, keeping dry powder amounts steady and maintaining Blackstone's ability to make opportunistic investments.
- ▶ Invested \$26.4 billion of capital in 2014, up 73% from \$15.3 billion in 2013.
 - 47% of capital invested in 2014 was deployed outside of North America, up 3% from 44% in 2013.
 - 48% of capital invested in 2014 was invested by products that did not exist at the time of the IPO.

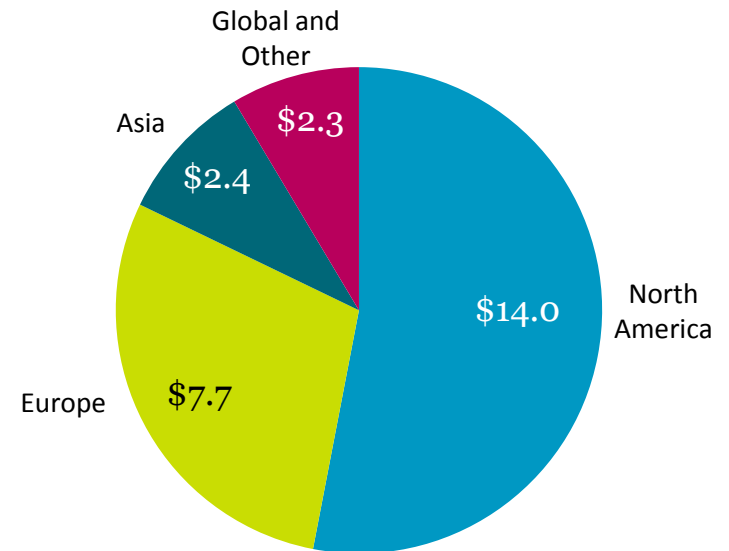
Capital Invested by Segment

(Dollars in Billions)



2014 Capital Invested by Region

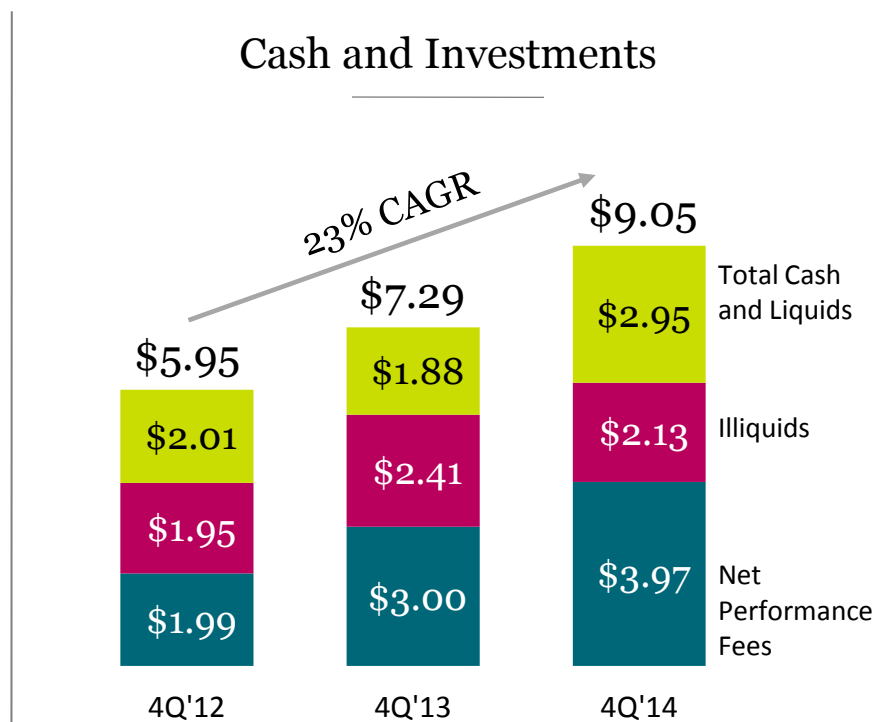
(Dollars in Billions)



Balance Sheet Highlights

- ▶ At December 31, 2014, Blackstone had \$3.4 billion in total cash, corporate treasury and liquid investments and \$10.4 billion of total net value, or \$9.05 per DE unit, up 24% from \$7.29 a year ago.
- ▶ Illiquid investments of \$2.4 billion, down 11% from last year.
- ▶ Long-term debt of \$2.1 billion at quarter end contributed to a Debt to Adjusted EBITDA ratio of 0.61x FY'14.
- ▶ There are currently no borrowings outstanding against the \$1.1 billion revolving credit facility expiring in 2019.

(Dollars in Millions)	4Q'14
Cash and Cash Equivalents	\$ 1,412
Treasury Cash Management Strategies	1,804
Liquid Investments	176
Illiquid Investments	2,445
Net Accrued Performance Fees	4,552
Total Net Value	\$ 10,389
Outstanding Bonds (at par)	\$ 2,135



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

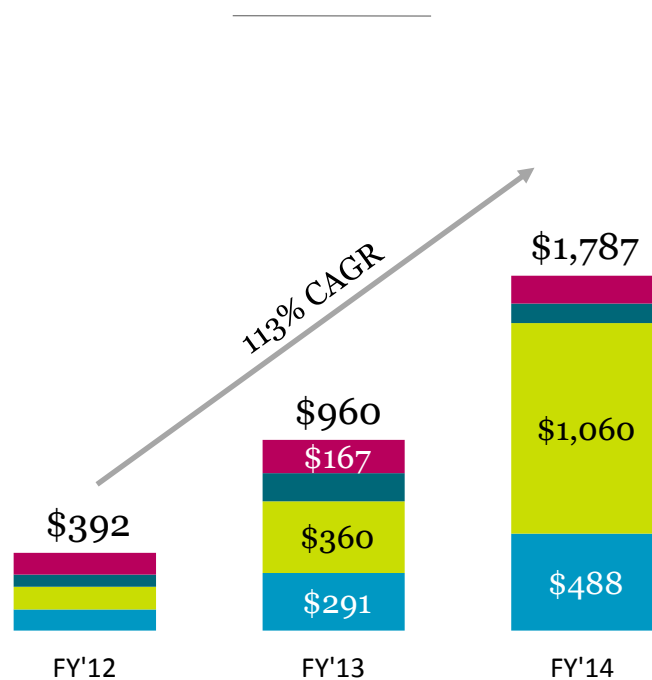
\$1.1 billion
undrawn credit revolver with
May 2019 maturity

\$3.4 billion
total cash, corporate treasury
and liquid investments

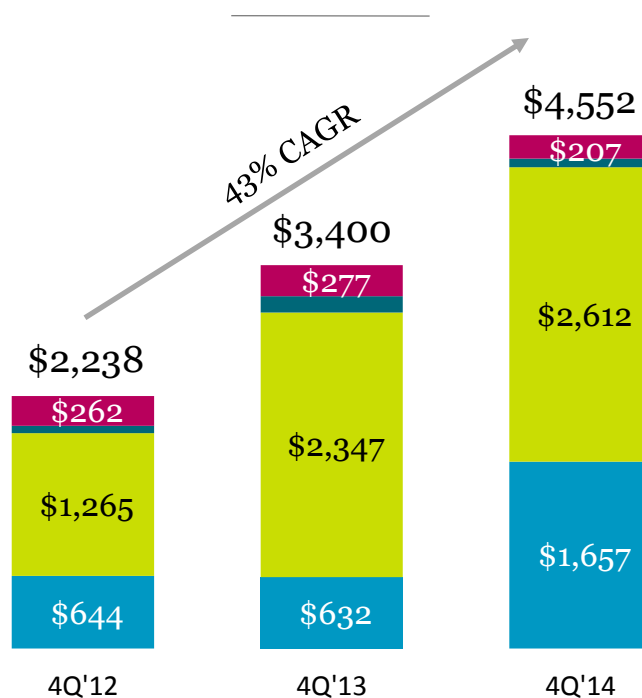
Performance Fees

- ▶ Despite Net Realized Performance Fees of \$1.8 billion, asset appreciation across all investing businesses drove Net Accrued Performance Fees to a record \$4.6 billion (\$3.97/unit), up \$1.2 billion from the prior year.
- ▶ Net Accrued Performance Fees grew at a 43% CAGR since the fourth quarter of 2012, primarily driven by continued appreciation in Real Estate and Private Equity.

Net Realized Performance Fees (Dollars in Millions)



Net Accrued Performance Fees (Dollars in Millions)



\$1.8 billion

Record FY Net Realized
Performance Fees

\$4.6 billion

Record Net Accrued
Performance Fees

61%

Net Accrued Performance Fees
Related to Publics/Pending Exits

■ Private Equity ■ Real Estate ■ Hedge Fund Solutions ■ Credit

Unitholder Distribution

- ▶ Generated \$0.92 of Distributable Earnings per common unit during the quarter, up 35% year-over-year.
 - Record full year Distributable Earnings per common unit of \$2.51, up 61% from the last year.
- ▶ Declared a quarterly distribution of \$0.78 per common unit to record holders as of February 9, 2015; payable on February 17, 2015.
 - Full year distribution of \$2.12, up 58% from the prior year period.

(Dollars in Thousands, Except per Unit Data)	1Q'14	2Q'14	3Q'14	4Q'14	FY'13	FY'14	% Change vs. FY'13
Distributable Earnings ("DE")	\$ 485,112	\$ 770,797	\$ 672,144	\$ 1,129,780	\$ 1,862,699	\$ 3,057,833	64%
Add: Other Payables Attributable to Common Unitholders	19,856	29,884	69,707	87,977	106,499	207,424	95%
DE before Certain Payables	504,968	800,681	741,851	1,217,757	1,969,198	3,265,257	66%
Percent to Common Unitholders	53%	53%	53%	53%	51%	53%	
DE before Certain Payables Attributable to Common Unitholders	265,378	423,209	393,197	648,623	1,012,971	1,730,407	71%
Less: Other Payables Attributable to Common Unitholders	(19,856)	(29,884)	(69,707)	(87,977)	(106,499)	(207,424)	(95)%
DE Attributable to Common Unitholders	245,522	393,325	323,490	560,646	906,472	1,522,983	68%
DE per Common Unit	\$ 0.41	\$ 0.65	\$ 0.53	\$ 0.92	\$ 1.56	\$ 2.51	61%
Less: Retained Capital per Common Unit	\$ (0.06)	\$ (0.10)	\$ (0.09)	\$ (0.14)	\$ (0.22)	\$ (0.39)	(77)%
Actual Distribution per Common Unit	\$ 0.35	\$ 0.55	\$ 0.44	\$ 0.78	\$ 1.34	\$ 2.12	58%
Record Date				Feb 9, 2015			
Payable Date				Feb 17, 2015			

A detailed description of Blackstone's distribution policy and the definition of Distributable Earnings can be found on page 33, Definitions and Distribution Policy. DE before Certain Payables represents Distributable Earnings before the deduction for the Payable Under Tax Receivable Agreement and tax expense (benefit) of wholly owned subsidiaries. Per Unit calculations are based on Total Common Units Outstanding (page 32, Unit Rollforward); actual distributions are paid to applicable unitholders as of the record date. For the periods presented, Net Cash Available for Distribution per Common Unit equals the Actual Distribution per Common Unit. Retained capital is withheld pro-rata from common and Blackstone Holdings Partnership unitholders. Common unitholders' share was \$85.6 million for 4Q'14.

GAAP Statement of Operations

			% Change		% Change	
(Dollars in Thousands, Except per Unit Data) (Unaudited)	4Q'13	4Q'14	vs. 4Q'13	FY'13	FY'14	vs. FY'13
Revenues						
Management and Advisory Fees, Net	\$ 602,034	\$ 663,620	10%	\$ 2,193,985	\$ 2,497,252	14%
Performance Fees						
Realized Carried Interest	283,846	836,124	195%	943,958	2,450,082	160%
Realized Incentive Fees	334,109	130,262	(61)%	464,838	249,005	(46)%
Unrealized Carried Interest	1,233,905	491,743	(60)%	2,158,010	1,704,924	(21)%
Unrealized Incentive Fees	(167,198)	(142,458)	15%	(22,749)	(29,749)	(31)%
Total Performance Fees	1,684,662	1,315,671	(22)%	3,544,057	4,374,262	23%
Investment Income						
Realized	51,294	63,857	24%	188,644	523,735	178%
Unrealized	348,523	(52,489)	n/m	611,664	10,265	(98)%
Total Investment Income	399,817	11,368	(97)%	800,308	534,000	(33)%
Interest and Dividend Revenue	18,248	22,293	22%	64,511	69,809	8%
Other	4,619	7,822	69%	10,307	9,405	(9)%
Total Revenues	2,709,380	2,020,774	(25)%	6,613,168	7,484,728	13%
Expenses						
Compensation and Benefits						
Compensation	448,443	357,783	(20)%	1,844,485	1,868,868	1%
Performance Fee Compensation						
Realized Carried Interest	31,485	219,941	599%	257,201	815,643	217%
Realized Incentive Fees	140,794	48,926	(65)%	200,915	110,099	(45)%
Unrealized Carried Interest	616,080	59,879	(90)%	966,717	379,037	(61)%
Unrealized Incentive Fees	(70,297)	(58,497)	17%	(11,651)	(19,276)	(65)%
Total Compensation and Benefits	1,166,505	628,032	(46)%	3,257,667	3,154,371	(3)%
General, Administrative and Other	128,336	149,402	16%	474,442	549,463	16%
Interest Expense	27,687	35,395	28%	107,973	121,524	13%
Fund Expenses	7,944	10,257	29%	26,658	30,498	14%
Total Expenses	1,330,472	823,086	(38)%	3,866,740	3,855,856	(0)%
Other Income						
Reversal of Tax Receivable Agreement Liability	20,469	-	(100)%	20,469	-	(100)%
Net Gains from Fund Investment Activities	185,536	140,432	(24)%	381,664	357,854	(6)%
Income Before Provision for Taxes	\$ 1,584,913	\$ 1,338,120	(16)%	\$ 3,148,561	\$ 3,986,726	27%
Provision for Taxes	91,090	74,686	(18)%	255,642	291,173	14%
Net Income	\$ 1,493,823	\$ 1,263,434	(15)%	\$ 2,892,919	\$ 3,695,553	28%
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	47,445	29,844	(37)%	183,315	74,794	(59)%
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	149,834	95,557	(36)%	198,557	335,070	69%
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	675,289	586,582	(13)%	1,339,845	1,701,100	27%
Net Income Attributable to The Blackstone Group L.P. ("BX")	\$ 621,255	\$ 551,451	(11)%	\$ 1,171,202	\$ 1,584,589	35%
Net Income per Common Unit, Basic	\$ 1.05	\$ 0.90	(14)%	\$ 2.00	\$ 2.60	30%
Net Income per Common Unit, Diluted	\$ 1.04	\$ 0.89	(14)%	\$ 1.98	\$ 2.58	30%

Appendix

Total Segments

(Dollars in Thousands)	4Q'13	1Q'14	2Q'14	3Q'14	4Q'14	FY'13	FY'14
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 469,092	\$ 476,878	\$ 496,570	\$ 505,493	\$ 508,588	\$ 1,740,807	\$ 1,987,529
Advisory Fees	139,158	69,963	114,914	84,131	151,837	410,514	420,845
Transaction and Other Fees, Net	59,733	59,910	49,196	90,885	46,446	206,977	246,437
Management Fee Offsets	(43,752)	(16,644)	(20,218)	(22,763)	(27,146)	(72,220)	(86,771)
Total Management and Advisory Fees, Net	624,231	590,107	640,462	657,746	679,725	2,286,078	2,568,040
Performance Fees							
Realized Carried Interest	283,846	333,623	641,659	638,752	836,562	943,958	2,450,596
Realized Incentive Fees	343,501	53,837	39,291	36,840	131,777	474,333	261,745
Unrealized Carried Interest	1,233,905	330,288	660,712	222,026	495,935	2,158,010	1,708,961
Unrealized Incentive Fees	(173,033)	61,266	56,776	(6,531)	(140,936)	(19,928)	(29,425)
Total Performance Fees	1,688,219	779,014	1,398,438	891,087	1,323,338	3,556,373	4,391,877
Investment Income (Loss)							
Realized	66,283	111,917	202,199	75,832	153,477	170,471	543,425
Unrealized	290,460	4,550	(26,228)	4,934	(55,053)	517,334	(71,797)
Total Investment Income	356,743	116,467	175,971	80,766	98,424	687,805	471,628
Interest Income and Dividend Revenue	19,394	22,362	22,094	23,585	28,303	70,936	96,344
Other	4,621	869	(6)	719	7,823	10,308	9,405
Total Revenues	2,693,208	1,508,819	2,236,959	1,653,903	2,137,613	6,611,500	7,537,294
Expenses							
Compensation	262,688	306,545	323,015	324,426	199,525	1,115,640	1,153,511
Performance Fee Compensation							
Realized Carried Interest	31,485	149,398	260,301	186,003	219,941	257,201	815,643
Realized Incentive Fees	140,794	23,635	18,509	19,029	48,926	200,915	110,099
Unrealized Carried Interest	616,080	40,690	114,336	164,132	59,879	966,717	379,037
Unrealized Incentive Fees	(70,297)	23,531	24,692	(9,002)	(58,497)	(11,651)	(19,276)
Total Compensation and Benefits	980,750	543,799	740,853	684,588	469,774	2,528,822	2,439,014
Other Operating Expenses	129,171	139,774	145,111	131,440	137,457	486,639	553,782
Total Expenses	1,109,921	683,573	885,964	816,028	607,231	3,015,461	2,992,796
Economic Income	\$ 1,583,287	\$ 825,246	\$ 1,350,995	\$ 837,875	\$ 1,530,382	\$ 3,596,039	\$ 4,544,498
Economic Net Income	\$ 1,542,098	\$ 813,934	\$ 1,325,963	\$ 758,356	\$ 1,446,733	\$ 3,513,875	\$ 4,344,986
Fee Related Earnings	\$ 260,706	\$ 174,829	\$ 201,108	\$ 217,291	\$ 374,210	\$ 745,469	\$ 967,438
Distributable Earnings	\$ 820,629	\$ 485,112	\$ 770,797	\$ 672,144	\$ 1,129,780	\$ 1,862,699	\$ 3,057,833
Total Assets Under Management	\$ 265,757,630	\$ 271,745,583	\$ 278,917,713	\$ 284,414,936	\$ 290,381,069	\$ 265,757,630	\$ 290,381,069
Fee-Earning Assets Under Management	\$ 197,981,739	\$ 203,599,604	\$ 209,913,760	\$ 214,819,600	\$ 216,691,799	\$ 197,981,739	\$ 216,691,799
Weighted Average Fee-Earning AUM	\$ 196,309,547	\$ 200,246,002	\$ 209,251,436	\$ 213,525,423	\$ 215,196,253	\$ 186,133,604	\$ 212,324,209
LP Capital Invested	\$ 5,382,770	\$ 4,468,527	\$ 5,426,511	\$ 6,664,365	\$ 7,810,098	\$ 14,179,704	\$ 24,369,501
Total Capital Invested	\$ 6,115,856	\$ 4,807,663	\$ 5,858,210	\$ 7,619,737	\$ 8,090,350	\$ 15,250,286	\$ 26,375,960

Private Equity

(Dollars in Thousands)	4Q'13	1Q'14	2Q'14	3Q'14	4Q'14	FY'13	FY'14
Revenues							
Management Fees, Net							
Base Management Fees	\$ 99,998	\$ 98,584	\$ 103,204	\$ 108,236	\$ 105,817	\$ 368,146	\$ 415,841
Transaction and Other Fees, Net	18,135	42,847	27,616	48,996	15,183	96,988	134,642
Management Fee Offsets	(1,173)	(1,713)	(4,246)	(5,837)	(7,350)	(5,683)	(19,146)
Total Management Fees, Net	116,960	139,718	126,574	151,395	113,650	459,451	531,337
Performance Fees							
Realized Carried Interest	101,081	119,805	212,394	124,913	297,290	329,993	754,402
Unrealized Carried Interest	385,560	167,065	502,210	96,455	457,098	398,232	1,222,828
Total Performance Fees	486,641	286,870	714,604	221,368	754,388	728,225	1,977,230
Investment Income (Loss)							
Realized	30,783	60,535	74,812	20,421	46,951	88,026	202,719
Unrealized	85,329	(9,033)	17,662	(12,754)	(19,789)	161,749	(23,914)
Total Investment Income	116,112	51,502	92,474	7,667	27,162	249,775	178,805
Interest Income and Dividend Revenue	4,136	5,228	4,666	5,346	6,743	15,602	21,983
Other	1,948	864	564	2,150	2,991	4,259	6,569
Total Revenues	725,797	484,182	938,882	387,926	904,934	1,457,312	2,715,924
Expenses							
Compensation	56,370	73,307	73,038	79,007	51,095	236,120	276,447
Performance Fee Compensation							
Realized Carried Interest	2,006	85,771	112,720	30,944	36,958	38,953	266,393
Unrealized Carried Interest	274,201	(27,148)	66,194	93,434	77,966	342,733	210,446
Total Compensation and Benefits	332,577	131,930	251,952	203,385	166,019	617,806	753,286
Other Operating Expenses	32,767	33,006	39,193	34,109	36,590	124,137	142,898
Total Expenses	365,344	164,936	291,145	237,494	202,609	741,943	896,184
Economic Income	\$ 360,453	\$ 319,246	\$ 647,737	\$ 150,432	\$ 702,325	\$ 715,369	\$ 1,819,740
Total Assets Under Management	\$ 65,675,031	\$ 66,142,945	\$ 68,294,162	\$ 69,890,367	\$ 73,073,252	\$ 65,675,031	\$ 73,073,252
Fee-Earning Assets Under Management	\$ 42,600,515	\$ 41,150,728	\$ 42,888,756	\$ 43,817,741	\$ 43,890,167	\$ 42,600,515	\$ 43,890,167
Weighted Average Fee-Earning AUM	\$ 43,290,792	\$ 41,815,672	\$ 43,702,379	\$ 43,838,483	\$ 42,899,791	\$ 43,977,145	\$ 44,178,572
LP Capital Invested	\$ 1,017,985	\$ 2,029,019	\$ 1,857,330	\$ 2,277,861	\$ 3,459,063	\$ 2,568,582	\$ 9,623,273
Total Capital Invested	\$ 1,330,606	\$ 2,271,273	\$ 2,159,178	\$ 3,172,660	\$ 3,593,887	\$ 2,950,129	\$ 11,196,998

Real Estate

(Dollars in Thousands)	4Q'13	1Q'14	2Q'14	3Q'14	4Q'14	FY'13	FY'14
Revenues							
Management Fees, Net							
Base Management Fees	\$ 153,115	\$ 159,336	\$ 157,869	\$ 155,089	\$ 156,208	\$ 565,182	\$ 628,502
Transaction and Other Fees, Net	32,317	13,564	13,514	38,312	26,220	79,675	91,610
Management Fee Offsets	(6,838)	(9,224)	(7,702)	(8,977)	(8,540)	(22,821)	(34,443)
Total Management Fees, Net	178,594	163,676	163,681	184,424	173,888	622,036	685,669
Performance Fees							
Realized Carried Interest	180,641	194,658	417,826	349,237	526,041	486,773	1,487,762
Realized Incentive Fees	7,931	(26)	6,070	1,159	4,296	45,862	11,499
Unrealized Carried Interest	771,246	140,237	119,461	187,175	77,173	1,651,700	524,046
Unrealized Incentive Fees	(1,355)	2,737	(3,483)	(374)	(4,401)	(28,753)	(5,521)
Total Performance Fees	958,463	337,606	539,874	537,197	603,109	2,155,582	2,017,786
Investment Income (Loss)							
Realized	23,320	31,357	122,664	49,173	105,901	52,359	309,095
Unrealized	201,606	5,379	(50,437)	14,492	(28,364)	350,201	(58,930)
Total Investment Income	224,926	36,736	72,227	63,665	77,537	402,560	250,165
Interest Income and Dividend Revenue	6,809	6,110	8,009	7,135	8,943	21,563	30,197
Other	1,678	317	(218)	976	1,788	3,384	2,863
Total Revenues	1,370,470	544,445	783,573	793,397	865,265	3,205,125	2,986,680
Expenses							
Compensation	75,625	80,233	85,582	90,586	69,916	294,222	326,317
Performance Fee Compensation							
Realized Carried Interest	29,027	51,833	143,442	64,187	173,534	148,837	432,996
Realized Incentive Fees	4,502	(16)	3,081	592	2,323	23,878	5,980
Unrealized Carried Interest	299,853	56,985	27,339	108,789	4,061	566,837	197,174
Unrealized Incentive Fees	(335)	1,382	(1,783)	(123)	(2,227)	(15,015)	(2,751)
Total Compensation and Benefits	408,672	190,417	257,661	264,031	247,607	1,018,759	959,716
Other Operating Expenses	29,698	33,107	36,542	36,138	40,296	116,391	146,083
Total Expenses	438,370	223,524	294,203	300,169	287,903	1,135,150	1,105,799
Economic Income	\$ 932,100	\$ 320,921	\$ 489,370	\$ 493,228	\$ 577,362	\$ 2,069,975	\$ 1,880,881
Total Assets Under Management	\$ 79,410,788	\$ 81,333,562	\$ 80,410,988	\$ 80,188,858	\$ 80,863,187	\$ 79,410,788	\$ 80,863,187
Fee-Earning Assets Under Management	\$ 50,792,803	\$ 53,490,834	\$ 52,823,975	\$ 52,308,175	\$ 52,563,068	\$ 50,792,803	\$ 52,563,068
Weighted Average Fee-Earning AUM	\$ 50,568,609	\$ 50,954,956	\$ 53,233,974	\$ 52,764,267	\$ 52,236,610	\$ 45,326,937	\$ 53,589,873
LP Capital Invested	\$ 3,986,610	\$ 1,692,232	\$ 3,017,193	\$ 3,046,867	\$ 3,478,850	\$ 9,741,277	\$ 11,235,142
Total Capital Invested	\$ 4,333,419	\$ 1,746,460	\$ 3,128,232	\$ 3,071,425	\$ 3,584,035	\$ 10,249,733	\$ 11,530,152

Hedge Fund Solutions

(Dollars in Thousands)	4Q'13	1Q'14	2Q'14	3Q'14	4Q'14	FY'13	FY'14
Revenues							
Management Fees, Net							
Base Management Fees	\$ 113,025	\$ 113,384	\$ 123,008	\$ 121,484	\$ 125,105	\$ 409,321	\$ 482,981
Transaction and Other Fees, Net	263	93	126	161	189	623	569
Management Fee Offsets	(1,149)	(1,455)	(1,531)	(1,099)	(929)	(3,387)	(5,014)
Total Management Fees, Net	112,139	112,022	121,603	120,546	124,365	406,557	478,536
Performance Fees							
Realized Incentive Fees	174,861	39,845	7,973	6,683	86,028	207,735	140,529
Unrealized Incentive Fees	(97,980)	18,085	30,556	25,473	(74,993)	7,718	(879)
Total Performance Fees	76,881	57,930	38,529	32,156	11,035	215,453	139,650
Investment Income (Loss)							
Realized	13,691	16,820	2,394	2,693	(357)	27,613	21,550
Unrealized	(7,604)	4,431	1,057	(1,168)	812	(9,306)	5,132
Total Investment Income	6,087	21,251	3,451	1,525	455	18,307	26,682
Interest Income and Dividend Revenue	1,988	2,661	2,340	2,724	3,389	7,605	11,114
Other	262	122	(203)	740	1,196	688	1,855
Total Revenues	197,357	193,986	165,720	157,691	140,440	648,610	657,837
Expenses							
Compensation	28,147	40,571	43,341	41,940	5,806	136,470	131,658
Performance Fee Compensation							
Realized Incentive Fees	53,701	13,271	2,918	2,312	23,950	65,793	42,451
Unrealized Incentive Fees	(34,823)	6,761	11,252	8,778	(27,064)	2,856	(273)
Total Compensation and Benefits	47,025	60,603	57,511	53,030	2,692	205,119	173,836
Other Operating Expenses	15,697	19,480	25,101	20,480	21,068	66,966	86,129
Total Expenses	62,722	80,083	82,612	73,510	23,760	272,085	259,965
Economic Income	\$ 134,635	\$ 113,903	\$ 83,108	\$ 84,181	\$ 116,680	\$ 376,525	\$ 397,872
Total Assets Under Management	\$ 55,657,463	\$ 58,262,659	\$ 60,672,759	\$ 64,183,863	\$ 63,585,670	\$ 55,657,463	\$ 63,585,670
Fee-Earning Assets Under Management	\$ 52,865,837	\$ 55,571,357	\$ 58,084,020	\$ 62,037,082	\$ 61,417,558	\$ 52,865,837	\$ 61,417,558
Weighted Average Fee-Earning AUM	\$ 51,794,518	\$ 54,715,882	\$ 56,793,206	\$ 60,009,283	\$ 61,730,313	\$ 48,431,911	\$ 58,548,866
LP Capital Invested	\$ 8,681	\$ 167,170	\$ 188,236	\$ 473,233	\$ 25,489	\$ 431,275	\$ 854,128
Total Capital Invested	\$ 8,681	\$ 202,674	\$ 196,348	\$ 487,398	\$ 12,137	\$ 454,990	\$ 898,557

Credit

(Dollars in Thousands)	4Q'13	1Q'14	2Q'14	3Q'14	4Q'14	FY'13	FY'14
Revenues							
Management Fees, Net							
Base Management Fees	\$ 102,954	\$ 105,574	\$ 112,489	\$ 120,684	\$ 121,458	\$ 398,158	\$ 460,205
Transaction and Other Fees, Net	8,152	3,344	7,064	3,025	4,728	28,586	18,161
Management Fee Offsets	(34,592)	(4,252)	(6,739)	(6,850)	(10,327)	(40,329)	(28,168)
Total Management Fees, Net	76,514	104,666	112,814	116,859	115,859	386,415	450,198
Performance Fees							
Realized Carried Interest	2,124	19,160	11,439	164,602	13,231	127,192	208,432
Realized Incentive Fees	160,709	14,018	25,248	28,998	41,453	220,736	109,717
Unrealized Carried Interest	77,099	22,986	39,041	(61,604)	(38,336)	108,078	(37,913)
Unrealized Incentive Fees	(73,698)	40,444	29,703	(31,630)	(61,542)	1,107	(23,025)
Total Performance Fees	166,234	96,608	105,431	100,366	(45,194)	457,113	257,211
Investment Income (Loss)							
Realized	(627)	3,071	2,223	3,040	1,020	4,098	9,354
Unrealized	9,519	3,079	4,521	4,892	(7,437)	13,951	5,055
Total Investment Income (Loss)	8,892	6,150	6,744	7,932	(6,417)	18,049	14,409
Interest Income and Dividend Revenue	4,240	5,861	4,892	5,968	6,319	18,146	23,040
Other	119	(259)	11	(3,619)	1,557	527	(2,310)
Total Revenues	255,999	213,026	229,892	227,506	72,124	880,250	742,548
Expenses							
Compensation	31,802	50,752	51,310	54,877	31,261	186,514	188,200
Performance Fee Compensation							
Realized Carried Interest	452	11,794	4,139	90,872	9,449	69,411	116,254
Realized Incentive Fees	82,591	10,380	12,510	16,125	22,653	111,244	61,668
Unrealized Carried Interest	42,026	10,853	20,803	(38,091)	(22,148)	57,147	(28,583)
Unrealized Incentive Fees	(35,139)	15,388	15,223	(17,657)	(29,206)	508	(16,252)
Total Compensation and Benefits	121,732	99,167	103,985	106,126	12,009	424,824	321,287
Other Operating Expenses	29,566	32,839	22,159	20,860	14,666	96,940	90,524
Total Expenses	151,298	132,006	126,144	126,986	26,675	521,764	411,811
Economic Income	\$ 104,701	\$ 81,020	\$ 103,748	\$ 100,520	\$ 45,449	\$ 358,486	\$ 330,737
Total Assets Under Management	\$ 65,014,348	\$ 66,006,417	\$ 69,539,804	\$ 70,151,848	\$ 72,858,960	\$ 65,014,348	\$ 72,858,960
Fee-Earning Assets Under Management	\$ 51,722,584	\$ 53,386,685	\$ 56,117,009	\$ 56,656,602	\$ 58,821,006	\$ 51,722,584	\$ 58,821,006
Weighted Average Fee-Earning AUM	\$ 50,655,628	\$ 52,759,492	\$ 55,521,877	\$ 56,913,390	\$ 58,329,539	\$ 48,397,611	\$ 56,006,898
LP Capital Invested	\$ 369,494	\$ 580,106	\$ 363,752	\$ 866,404	\$ 846,696	\$ 1,438,570	\$ 2,656,958
Total Capital Invested	\$ 443,150	\$ 587,256	\$ 374,452	\$ 888,254	\$ 900,291	\$ 1,595,434	\$ 2,750,253

Financial Advisory

(Dollars in Thousands)	4Q'13	1Q'14	2Q'14	3Q'14	4Q'14	FY'13	FY'14
Revenues							
Advisory Fees	\$ 139,158	\$ 69,963	\$ 114,914	\$ 84,131	\$ 151,837	\$ 410,514	\$ 420,845
Transaction and Other Fees, Net	866	62	876	391	126	1,105	1,455
Total Advisory and Transaction Fees	140,024	70,025	115,790	84,522	151,963	411,619	422,300
Investment Income (Loss)							
Realized	(884)	134	106	505	(38)	(1,625)	707
Unrealized	1,610	694	969	(528)	(275)	739	860
Total Investment Income (Loss)	726	828	1,075	(23)	(313)	(886)	1,567
Interest Income and Dividend Revenue	2,221	2,502	2,187	2,412	2,909	8,020	10,010
Other	614	(175)	(160)	472	291	1,450	428
Total Revenues	143,585	73,180	118,892	87,383	154,850	420,203	434,305
Expenses							
Compensation	70,744	61,682	69,744	58,016	41,447	262,314	230,889
Total Compensation and Benefits	70,744	61,682	69,744	58,016	41,447	262,314	230,889
Other Operating Expenses	21,443	21,342	22,116	19,853	24,837	82,205	88,148
Total Expenses	92,187	83,024	91,860	77,869	66,284	344,519	319,037
Economic Income (Loss)	\$ 51,398	\$ (9,844)	\$ 27,032	\$ 9,514	\$ 88,566	\$ 75,684	\$ 115,268

Net Accrued Performance Fees

- ▶ Blackstone had \$4.6 billion of accrued performance fees, net of performance fee compensation and distributed Realized Performance Fees, at the end of the year.

Net Accrued Performance Fees				
(Dollars in Millions, Except per Unit Data)	3Q'14	4Q'14	Per Unit	Change vs. 3Q'14
Private Equity				
BCP IV Carried Interest	\$ 343	\$ 282	\$ 0.25	\$ (61)
BCP V Carried Interest	572	1,050	0.91	478
BCP VI Carried Interest	265	233	0.20	(32)
BEP Carried Interest	79	63	0.05	(16)
Tactical Opportunities Carried Interest	32	24	0.02	(8)
SP V Carried Interest	2	4	0.00	2
Korea Carried Interest	1	1	0.00	-
Total Private Equity	1,294	1,657	1.44	363
Real Estate				
BREP IV Carried Interest	4	18	0.02	14
BREP V Carried Interest	679	602	0.52	(77)
BREP VI Carried Interest	1,244	1,113	0.97	(131)
BREP VII Carried Interest	545	605	0.53	60
BREP Europe III Carried Interest	187	183	0.16	(4)
BREP Europe IV Carried Interest	25	37	0.03	12
BREP Asia Carried Interest	12	17	0.01	5
Core+ Carried Interest	8	14	0.01	6
BREDS Carried Interest	16	14	0.01	(2)
BREDS Incentive Fees	2	2	0.00	-
Asia Platform Incentive Fees	8	7	0.01	(1)
Total Real Estate	2,730	2,612	2.28	(118)
Hedge Fund Solutions				
Incentive Fees	70	76	0.07	6
Total Hedge Fund Solutions	70	76	0.07	6
Credit				
Carried Interest	186	175	0.15	(11)
Incentive Fees	54	32	0.03	(22)
Total Credit	240	207	0.18	(33)
Total Blackstone				
Carried Interest	4,200	4,435	3.86	235
Incentive Fees	134	117	0.10	(17)
Net Accrued Performance Fees	\$ 4,334	\$ 4,552	\$ 3.97	\$ 218
<i>Memo: Net Realized Performance Fees</i>	<i>\$ 241</i>	<i>\$ 106</i>	<i>\$ 0.09</i>	<i>\$ (135)</i>

\$4.6 billion
Net Accrued Performance Fees at 4Q'14

\$3.97 per unit
Net Accrued Performance Fees at 4Q'14

34% increase
in Net Accrued Performance Fees since 4Q'13

Investment Records as of December 31, 2014

	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)	
			Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total
Private Equity											
BCP I (Oct 1987 / Oct 1993)	\$ 859,081	\$ -	\$ -	n/a	-	\$ 1,741,738	2.6x	\$ 1,741,738	2.6x	19%	19%
BCP II (Oct 1993 / Aug 1997)	1,361,100	-	-	n/a	-	3,256,819	2.5x	3,256,819	2.5x	32%	32%
BCP III (Aug 1997 / Nov 2002)	3,967,422	-	-	n/a	-	9,184,688	2.3x	9,184,688	2.3x	14%	14%
BCOM (June 2000 / Jun 2006)	2,137,330	199,298	247,105	1.2x	-	2,619,040	1.4x	2,866,145	1.3x	7%	6%
BCP IV (Nov 2002 / Dec 2005)	6,773,138	225,775	3,167,450	1.7x	51%	18,005,120	3.2x	21,172,570	2.8x	45%	36%
BCP V (Dec 2005 / Jan 2011)	21,032,374	1,267,725	18,119,940	1.7x	55%	17,472,685	1.8x	35,592,625	1.8x	11%	8%
BCP VI (Jan 2011 / Jan 2017)	15,178,376	6,553,978	10,597,000	1.3x	17%	1,473,840	1.8x	12,070,840	1.4x	48%	15%
BEP (Aug 2011 / Aug 2017)	2,426,176	732,659	2,329,663	1.4x	30%	533,002	2.0x	2,862,665	1.5x	55%	34%
BEP II (TBD)	4,500,000	4,500,000	-	n/a	-	-	n/a	-	n/a	n/a	n/a
Total Corporate Private Equity	\$ 58,234,997	\$ 13,479,435	\$ 34,461,158	1.5x	41%	\$ 54,286,932	2.2x	\$ 88,748,090	1.9x	22%	16%
Tactical Opportunities	6,554,659	3,270,974	3,761,107	1.1x	3%	676,885	1.4x	4,437,992	1.1x	30%	15%
Strategic Partners	16,593,144	5,096,371	6,319,537	1.8x	n/a	11,504,389	1.4x	17,823,926	1.5x	n/a	15%
Other Funds and Co-Invest	1,787,472	447,796	832,486	0.8x	49%	84,054	1.8x	916,540	0.9x	n/a	n/a
Total Private Equity	\$ 83,170,272	\$ 22,294,576	\$ 45,374,288	1.5x	32%	\$ 66,552,260	2.0x	\$ 111,926,548	1.8x	20%	16%
Real Estate											
Dollar											
Pre-BREP	\$ 140,714	\$ -	\$ -	n/a	n/a	\$ 345,190	2.5x	\$ 345,190	2.5x	33%	33%
BREP I (Sep 1994 / Oct 1996)	380,708	-	-	n/a	n/a	1,327,708	2.8x	1,327,708	2.8x	40%	40%
BREP II (Oct 1996 / Mar 1999)	1,198,339	-	-	n/a	n/a	2,531,612	2.1x	2,531,612	2.1x	19%	19%
BREP III (Apr 1999 / Apr 2003)	1,522,708	-	-	n/a	n/a	3,328,504	2.4x	3,328,504	2.4x	21%	21%
BREP IV (Apr 2003 / Dec 2005)	2,198,694	-	1,313,362	1.0x	24%	3,322,039	2.3x	4,635,401	1.7x	57%	14%
BREP V (Dec 2005 / Feb 2007)	5,539,418	-	6,220,311	2.1x	16%	5,879,814	2.1x	12,100,125	2.1x	16%	11%
BREP VI (Feb 2007 / Aug 2011)	11,059,495	586,397	15,444,660	2.3x	48%	10,016,132	2.3x	25,460,792	2.3x	16%	14%
BREP VII (Aug 2011 / Feb 2017)	13,467,015	3,224,238	17,079,584	1.6x	2%	2,324,240	1.6x	19,403,824	1.6x	36%	27%
Total Global Real Estate Funds	\$ 35,507,091	\$ 3,810,635	\$ 40,057,917	1.8x	23%	\$ 29,075,239	2.2x	\$ 69,133,156	2.0x	24%	18%
Euro											
BREP Int'l (Jan 2001 / Sep 2005)	€ 824,172	€ -	€ 125,722	1.5x	92%	€ 1,250,606	2.2x	€ 1,376,328	2.1x	25%	23%
BREP Int'l II (Sep 2005 / Jun 2008)	1,629,748	52,437	1,466,176	1.3x	36%	567,022	1.8x	2,033,198	1.5x	12%	4%
BREP Europe III (Jun 2008 / Dec 2013)	3,204,714	511,596	4,037,370	1.7x	7%	1,136,487	2.4x	5,173,857	1.8x	32%	20%
BREP Europe IV (Sep 2013 / Mar 2019)	6,504,848	4,321,605	2,852,176	1.1x	-	247,017	1.3x	3,099,193	1.2x	40%	19%
Total Euro Real Estate Funds	€ 12,163,482	€ 4,885,638	€ 8,481,444	1.4x	11%	€ 3,201,132	2.1x	€ 11,682,576	1.5x	23%	13%
BREP Co-Investment (f)	\$ 5,546,294	\$ -	\$ 8,138,959	1.9x	61%	\$ 3,125,556	2.3x	\$ 11,264,515	2.0x	14%	17%
BREP Asia (Jun 2013 / Dec 2017)	5,072,903	3,334,671	2,042,699	1.1x	-	4,400	1.0x	2,047,099	1.1x	n/a	14%
Total Real Estate	\$ 61,994,079	\$ 13,055,951	\$ 61,533,703	1.7x	24%	\$ 36,462,326	2.2x	\$ 97,996,029	1.9x	23%	17%
Core+	\$ 3,477,888	\$ 1,585,560	\$ 2,227,949	1.2x	-	\$ -	n/a	\$ 2,227,949	1.2x	n/a	n/a
BREDS (g)	\$ 6,745,544	\$ 1,668,642	\$ 2,854,216	1.2x	-	\$ 3,664,923	1.3x	\$ 6,519,139	1.3x	14%	12%
Credit (h)											
Mezzanine I (Jul 2007 / Jul 2012)	\$ 2,000,000	\$ 139,685	\$ 820,393	1.7x	-	\$ 3,999,452	1.6x	\$ 4,819,845	1.6x	n/a	18%
Mezzanine II (Nov 2011 / Nov 2016)	4,120,000	2,304,528	2,368,630	1.2x	-	1,216,870	1.5x	3,585,500	1.3x	n/a	24%
Rescue Lending I (Sep 2009 / May 2013)	3,253,143	493,489	2,667,696	1.5x	-	3,165,504	1.4x	5,833,200	1.4x	n/a	15%
Rescue Lending II (Jun 2013 / Jun 2018)	5,125,000	3,827,459	1,616,850	1.2x	-	3,795	1.0x	1,620,645	1.2x	n/a	n/m
Total Credit	\$ 14,498,143	\$ 6,765,161	\$ 7,473,569	1.3x	-	\$ 8,385,621	1.5x	\$ 15,859,190	1.4x		

Investment Records as of December 31, 2014 – Notes

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

n/m Not meaningful.

n/a Not applicable.

(a) Preliminary.

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

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

(d) Net Internal Rate of Return (“IRR”) represents the annualized inception to December 31, 2014 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest. Net IRRs for BREP Europe IV, BREP Asia and BREDS II are calculated from commencement of their respective investment periods which, being less than one year, are not annualized.

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

(f) BREP Co-Investment represents co-investment capital raised for various BREP investments. The Net IRR reflected is calculated by aggregating each co-investment’s realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

(g) Excludes Capital Trust drawdown funds.

(h) The Total Investments MOIC for Mezzanine I, Mezzanine II, Rescue Lending I and Rescue Lending II Funds, excluding recycled capital during the investment period, was 2.0x, 1.7x, 1.6x and 1.4x, respectively. Funds presented represent the flagship credit drawdown funds only.

Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	4Q'13	1Q'14	2Q'14	3Q'14	4Q'14	FY'13	FY'14
Net Income Attributable to The Blackstone Group L.P.	\$ 621,255	\$ 265,617	\$ 517,016	\$ 250,505	\$ 551,451	\$ 1,171,202	\$ 1,584,589
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	675,289	299,505	543,819	271,194	586,582	1,339,845	1,701,100
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	149,834	43,961	140,061	55,491	95,557	198,557	335,070
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	47,445	45,792	22,486	(23,328)	29,844	183,315	74,794
Net Income	\$ 1,493,823	\$ 654,875	\$ 1,223,382	\$ 553,862	\$ 1,263,434	\$ 2,892,919	\$ 3,695,553
Provision for Taxes	91,090	54,097	83,282	79,108	74,686	255,642	291,173
Income Before Provision for Taxes	\$ 1,584,913	\$ 708,972	\$ 1,306,664	\$ 632,970	\$ 1,338,120	\$ 3,148,561	\$ 3,986,726
IPO and Acquisition-Related Charges ^(a)	166,514	177,024	178,568	209,240	291,550	722,707	856,382
Amortization of Intangibles ^(b)	29,139	29,003	28,310	27,828	26,113	106,643	111,254
(Income) Associated with Non-Controlling Interests of Consolidated Entities ^(c)	(197,279)	(89,753)	(162,547)	(32,163)	(125,401)	(381,872)	(409,864)
Economic Income	\$ 1,583,287	\$ 825,246	\$ 1,350,995	\$ 837,875	\$ 1,530,382	\$ 3,596,039	\$ 4,544,498
Taxes ^(d)	(41,189)	(11,312)	(25,032)	(79,519)	(83,649)	(82,164)	(199,512)
Economic Net Income	\$ 1,542,098	\$ 813,934	\$ 1,325,963	\$ 758,356	\$ 1,446,733	\$ 3,513,875	\$ 4,344,986
Taxes ^(d)	41,189	11,312	25,032	79,519	83,649	82,164	199,512
Performance Fee Adjustment ^(e)	(1,688,219)	(779,014)	(1,398,438)	(891,087)	(1,323,338)	(3,556,373)	(4,391,877)
Investment (Income) Adjustment ^(f)	(356,743)	(116,467)	(175,971)	(80,766)	(98,424)	(687,805)	(471,628)
Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies ^(g)	4,319	7,810	6,684	(8,893)	(4,659)	(19,574)	942
Performance Fee Compensation and Benefits Adjustment ^(h)	718,062	237,254	417,838	360,162	270,249	1,413,182	1,285,503
Fee Related Earnings	\$ 260,706	\$ 174,829	\$ 201,108	\$ 217,291	\$ 374,210	\$ 745,469	\$ 967,438
Realized Performance Fees ⁽ⁱ⁾	455,068	214,427	402,140	470,560	699,472	960,175	1,786,599
Realized Investment Income ^(j)	66,283	111,917	202,199	75,832	153,477	170,471	543,425
Adjustment Related to Realized Investment (Income) Loss - Blackstone's Treasury Cash Management Strategies ^(k)	8,873	(1,344)	(1,059)	(5,049)	385	13,194	(7,067)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(l)	(68,610)	(31,054)	(44,841)	(96,437)	(108,456)	(156,734)	(280,788)
Equity-Based Compensation ^(m)	98,309	16,337	11,250	9,947	10,692	130,124	48,226
Distributable Earnings	\$ 820,629	\$ 485,112	\$ 770,797	\$ 672,144	\$ 1,129,780	\$ 1,862,699	\$ 3,057,833
Interest Expense	26,607	30,398	34,082	34,221	34,154	103,904	132,855
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(l)	68,610	31,054	44,841	96,437	108,456	156,734	280,788
Depreciation and Amortization	8,726	10,373	7,170	7,557	7,200	35,441	32,300
Adjusted EBITDA	\$ 924,572	\$ 556,937	\$ 856,890	\$ 810,359	\$ 1,279,590	\$ 2,158,778	\$ 3,503,776

Reconciliation of GAAP to Non-GAAP Measures – Notes

Note: See page 33, Definitions and Distribution Policy.

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

Walkdown of Financial Metrics – Calculation of Certain Non-GAAP Financial Metric Components

(Dollars in Thousands)	4Q'14	FY'14
Interest Income and Dividend Revenue	\$ 28,303	\$ 96,344
Other Revenue	7,823	9,405
Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies ^(a)	(4,659)	942
Interest Income and Other Revenue	\$ 31,467	\$ 106,691
Realized Incentive Fees	131,777	261,745
Less: Realized Incentive Fee Compensation	(48,926)	(110,099)
Net Realized Incentive Fees	\$ 82,851	\$ 151,646
Realized Carried Interest	836,562	2,450,596
Less: Realized Carried Interest Compensation	(219,941)	(815,643)
Net Realized Carried Interest	\$ 616,621	\$ 1,634,953
Realized Investment Income	153,477	543,425
Adjustment Related to Realized Investment (Income) Loss - Blackstone's Treasury Cash Management Strategies ^(a)	385	(7,067)
Net Realized Investment Income	\$ 153,862	\$ 536,358
Equity-Based Compensation^(b)	\$ 10,692	\$ 48,226
Taxes and Related Payables^(a)	\$ (108,456)	\$ (280,788)
Unrealized Incentive Fees	(140,936)	(29,425)
Less: Unrealized Incentive Fee Compensation	58,497	19,276
Net Unrealized Incentive Fees	\$ (82,439)	\$ (10,149)
Unrealized Carried Interest	495,935	1,708,961
Less: Unrealized Carried Interest Compensation	(59,879)	(379,037)
Net Unrealized Carried Interest	\$ 436,056	\$ 1,329,924
Unrealized Investment Income (Loss)	(55,053)	(71,797)
Less: Investment Income (Loss) - Blackstone's Treasury Cash Management Strategies ^(a)	4,659	(942)
Less: Adjustment Related to Realized Investment (Income) Loss - Blackstone's Treasury Cash Management Strategies ^(a)	(385)	7,067
Net Unrealized Investment Income (Loss)	\$ (50,779)	\$ (65,672)
Related Payables^(c)	\$ 24,807	\$ 81,276

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

(a) See pages 29-30, Reconciliation of GAAP to Non-GAAP Measures for this adjustment.

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

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

Unit Rollforward

	4Q'13	1Q'14	2Q'14	3Q'14	4Q'14	FY'13	FY'14
Total GAAP Weighted-Average Common Units Outstanding - Basic	592,129,570	601,527,299	606,690,740	611,684,213	615,492,620	587,018,828	608,803,111
<i>Adjustments:</i>							
Weighted-Average Unvested Deferred Restricted Common Units	4,536,624	4,141,865	3,207,089	3,294,657	6,843,140	3,527,812	4,373,294
Total GAAP Weighted-Average Common Units Outstanding - Diluted	596,666,194	605,669,164	609,897,829	614,978,870	622,335,760	590,546,640	613,176,405
<i>Adjustments:</i>							
Weighted-Average Blackstone Holdings Partnership Units	549,773,866	549,327,240	544,158,132	539,856,777	536,973,966	553,579,525	542,553,088
Weighted-Average Economic Net Income Adjusted Units	1,146,440,060	1,154,996,404	1,154,055,961	1,154,835,646	1,159,309,726	1,144,126,165	1,155,729,493
Economic Net Income Adjusted Units, End of Period	1,150,867,868	1,154,889,678	1,154,840,023	1,155,075,985	1,159,954,181	1,150,867,868	1,159,954,181
Total Common Units Outstanding	588,165,949	599,372,943	603,270,771	607,590,602	611,480,457	588,165,949	611,480,457
<i>Adjustments:</i>							
Blackstone Holdings Partnership Units	547,021,277	541,129,472	538,074,958	538,760,225	536,543,970	547,021,277	536,543,970
Distributable Earnings Units Outstanding	1,135,187,226	1,140,502,415	1,141,345,729	1,146,350,827	1,148,024,427	1,135,187,226	1,148,024,427

Common Unitholders receive tax benefits from deductions taken by Blackstone's corporate tax paying subsidiaries and bear responsibility for the deduction from Distributable Earnings of the Payable Under Tax Receivable Agreement and certain other tax-related payables. Distributable Earnings Units Outstanding excludes units which are not entitled to distributions.

Definitions and Distribution Policy

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

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

Distribution Policy. Blackstone’s intention is to distribute quarterly approximately 85% of The Blackstone Group L.P.’s share of Distributable Earnings, subject to adjustment by amounts determined by Blackstone’s general partner to be necessary or appropriate to provide for the conduct of its business, to make appropriate investments in its business and funds, to comply with applicable law, any of its debt instruments or other agreements, or to provide for future cash requirements such as tax-related payments, clawback obligations and distributions to unitholders for any ensuing quarter. The amount to be distributed could also be adjusted upward in any one quarter. All of the foregoing is subject to the qualification that the declaration and payment of any distributions are at the sole discretion of Blackstone’s general partner and may change at any time, including, without limitation, to eliminate such distributions entirely.

Forward-Looking Statements

This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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