

## Important Disclosures

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**Not an offer.** These materials are provided as an overview of The Blackstone Group L.P. and are for informational purposes only, and do not constitute an offer to sell, or a solicitation of an offer to buy, any security or instrument, or a solicitation of interest in any particular Blackstone fund, account or strategy. If such an offer is made, it will only be made by means of an offering document, which would contain material information (including certain risks of investing in such security, fund or strategy) not contained in these materials and which would supersede and qualify in its entirety the information set forth in these materials. Any decision to invest in a fund should only be made after reviewing the offering document, conducting such investigations as an investor deems necessary and consulting the investor's own legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of an investment.

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**Non-GAAP Financial Measures.** The materials contain information regarding Blackstone's financial results prepared on a basis of accounting generally accepted in the United States of America ("GAAP") as well as certain financial measures calculated and presented on the basis of methodologies other than in accordance with GAAP ("non-GAAP"). Definitions and calculations for each of these non-GAAP measures can be found in the Appendix to the materials.

## Important Disclosures, continued

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**GSO Section, page 3.** Certain GSO entities act as sub-adviser to the business development companies ("BDCs"). The applicable non-GSO entities that act as advisers to the BDCs (the "BDC Advisers") retain investment discretion over the BDCs' investment programs. Thus, while GSO proposes investment opportunities to the BDC Advisers for investment by the BDCs, the BDC Advisers have investment discretion to approve or reject such proposed investment opportunities. GSO does not have investment discretion with respect to the BDCs.

**Strategic Partners Section, page 1.** Net returns for Strategic Partners flagship funds, SP I – SP V, are from inception in December 2000 to December 31, 2013. The valuation policy of each of the Funds is to mark its holdings to amounts that reflect the fair value of the underlying portfolio investments as reported by the general partners or managers of the underlying funds, rather than the cost of the secondary investments paid by the respective Fund. The purchase discounts (or premiums) paid at the closing of a transaction initially impact the internal rate of return, which over time reflects subsequent changes in the valuations of the underlying funds. The performance of SP I, SP II, SP III and SP V as applicable is presented together with such Funds' parallel funds on a combined basis. Gross internal rate of return ("IRR") is annualized and calculated based on the limited partners' daily inflows and outflows, before fund expenses and the general partner's carried interest of the Fund, but after the fund expenses and carried interest of the underlying funds. Net IRR is calculated after management fees and fund expenses and the general partner's carried interest of the Fund. Each of SP I, SP II, SP III and SP 2007 has a lower carried interest than that of SP IV and SP V. In addition, SP I has a different fee structure compared to the other Funds. SP V has experienced limited investment dispositions and the relevant measurement / holdings periods over which the IRRs have been calculated are significantly shorter than the anticipated average holding period of the Fund's investments. Accordingly, such IRRs are not meaningful at this time.

**BAAM Section, page 2.** BAAM Principal Solutions Composite covers the period from January 2000 to present, although BAAM's inception date is September 1990. BAAM's Principal Solutions Composite does not include BAAM's long-only equity, long-biased commodities, seed, strategic opportunities (external investments) or advisory platforms. BAAM's external AUM in specialized or customized solutions includes BAAM's customized, strategic opportunity, strategic capital, seed, long-only equity, long-biased commodity, and individual investor solutions platforms.

# Introduction

# Blackstone: Leaving the pack behind



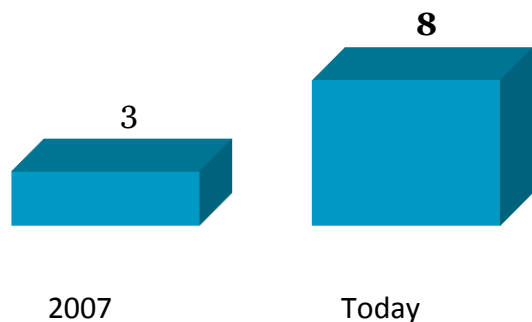
# What you may not know about Blackstone

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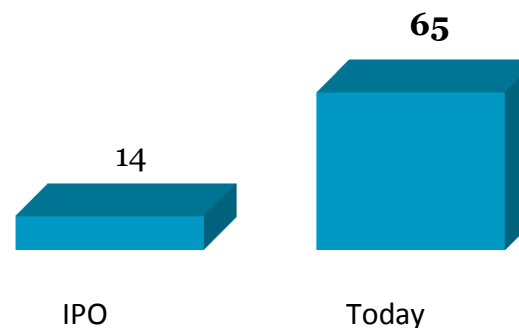
- ▶ Our funds created **\$33 billion** of value in the past year
- ▶ In the past year investors entrusted us with **\$52 billion** in additional funds
- ▶ We invest for **over half** of all U.S. pensioners
- ▶ **Innovation** has driven **\$122 billion** in AUM from new products since our IPO
- ▶ We are the **most profitable** asset manager in the world
- ▶ We have a **greater presence** on social media than any of our peers

# The “Alternatives” have evolved

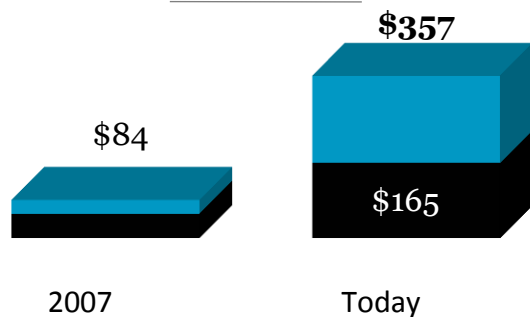
### # of Public Companies



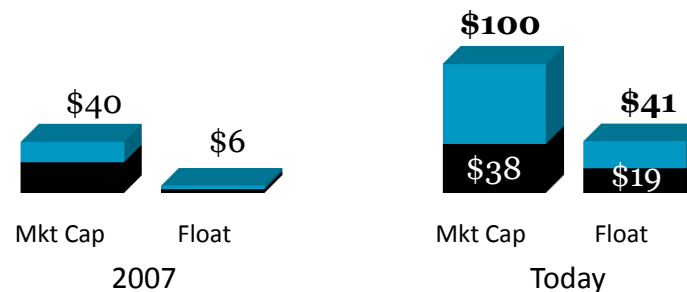
### # of Institutions with >1mm Shares of BX



### Average Daily Trading Volume (\$ in millions)



### Market Cap and Free Float (\$ in billions)



■ BX ■ Alternatives

■ BX ■ Alternatives

Note: As of June 10, 2014. Alternatives include: APO, ARES, BX, CG, FIG, KKR, OAK and OZM.

# Where would Blackstone rank today in the S&P 500?

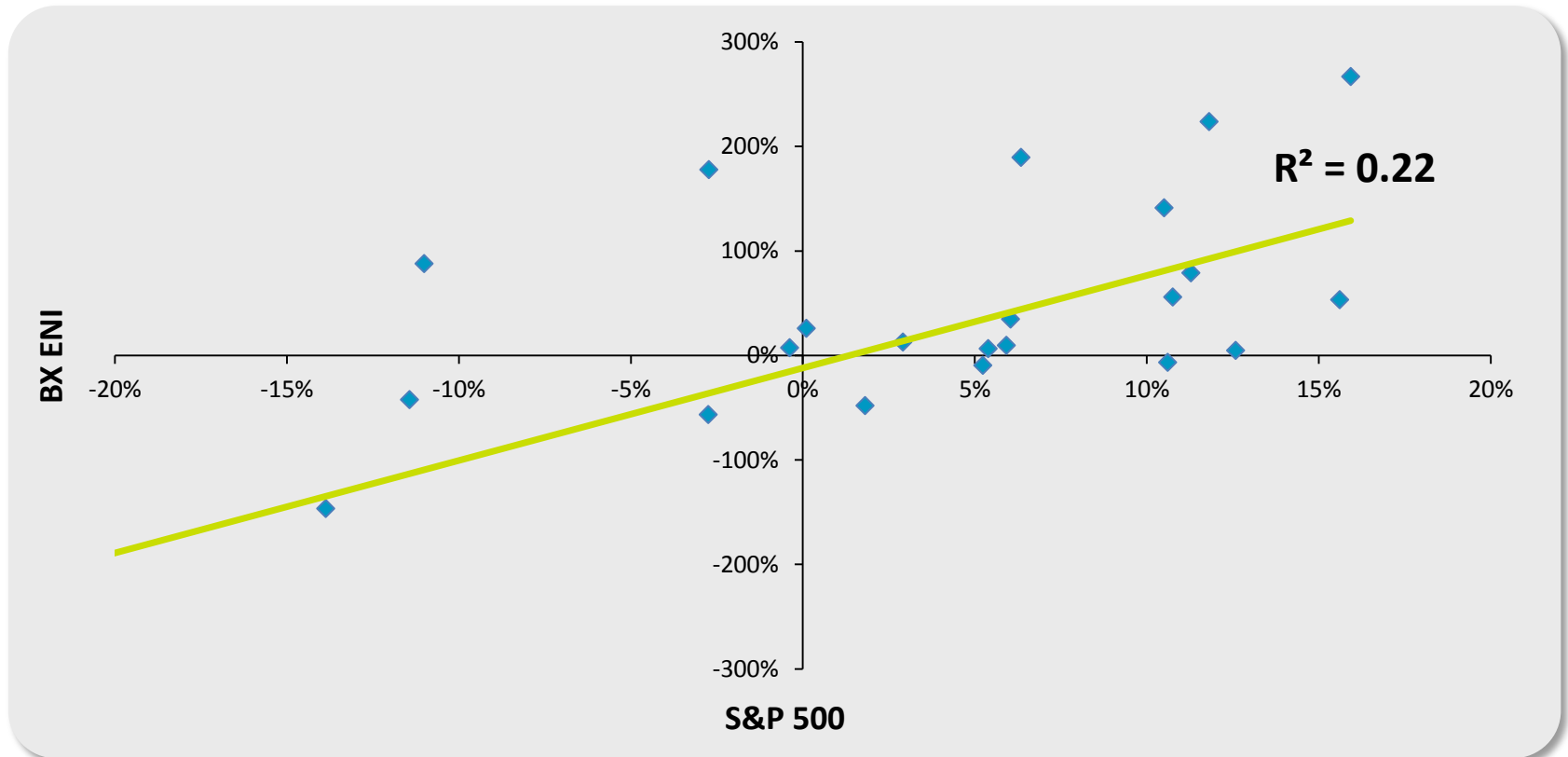
(\$ in millions)

	Market Cap	Employees	Market Cap / Employee	LTM Earnings	Avg. Daily Trading Volume	Dividend Yield	
						'13A	'14E
<b>Blackstone</b>	<b>\$38,014</b>	<b>2,016</b>	<b>\$18.9</b>	<b>\$3,700</b>	<b>\$165</b>	<b>4.3%</b>	<b>5.4%</b>
Median for Asset Managers in S&P 500	22,149	7,523	3.3	1,255	97	2.0%	2.0%
S&P 500 Financials Median	19,498	10,991	1.1	1,004	108	2.0%	2.1%
S&P 500 Median	17,983	17,800	1.0	796	124	1.6%	1.7%
<b>In which quartile would Blackstone rank?</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>

Note: As of June 10, 2014.

# Blackstone's earnings are not closely linked to the stock market

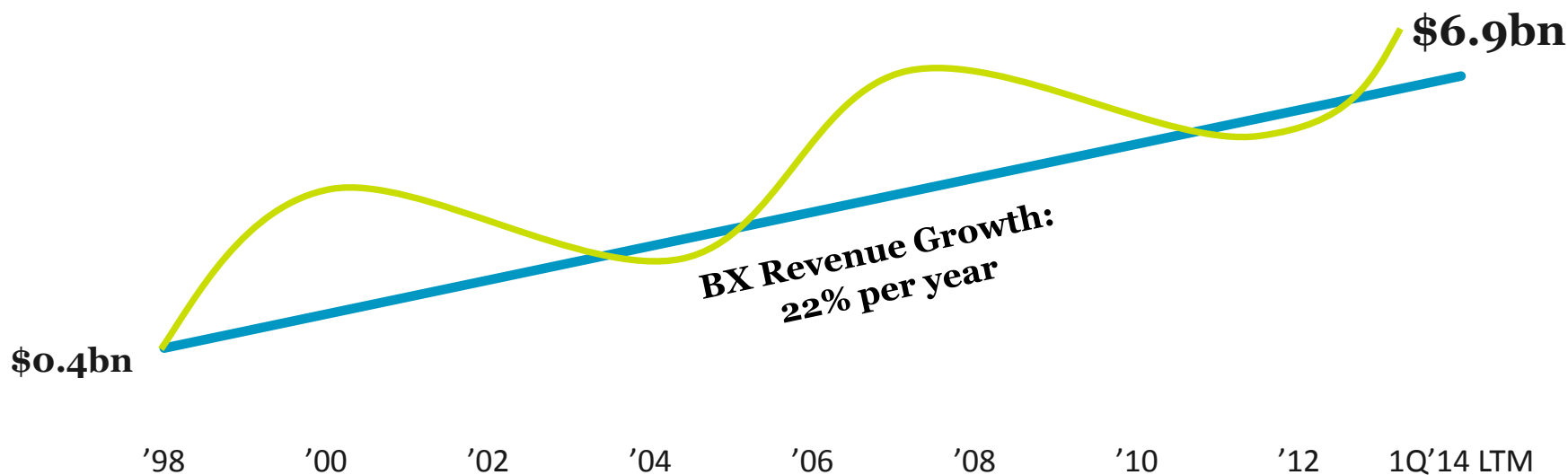
Blackstone Earnings vs. S&P 500





# The market values growth

	BX	Asset Managers	Advisory Firms	Biotech	Software
Earnings Growth <sup>(1)</sup>	31%	10%	15%	11%	9%
Stock Volatility <sup>(2)</sup>	26%	24%	26%	39%	30%
'14E P/E <sup>(3)</sup>	10x	16x	23x	19x	23x



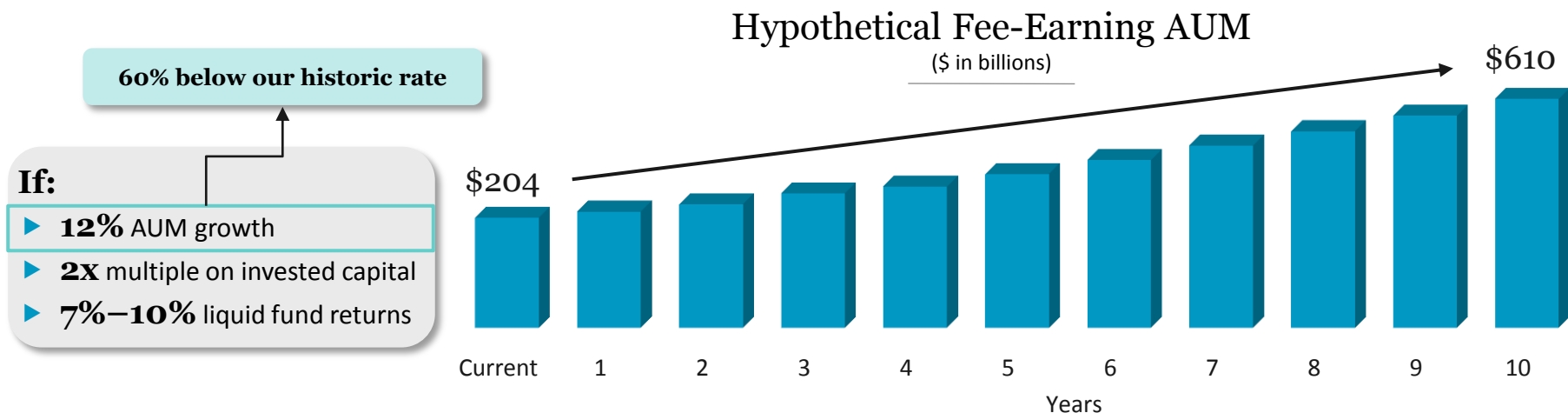
Note: Asset managers include: AB, AMG, BEN, BLK, EV, FII, IVZ, JNS, LM, TROW and WDR. Advisory firms include: LAZ, GHL, EVR, and MC. Biotech and Software based on the Global Industry Classification Standard.

(1) As of December, 31, 2013. Trailing 3-year CAGR.

(2) Based on the average of the implied volatility (6M, 100 strike) for the companies within the industries.

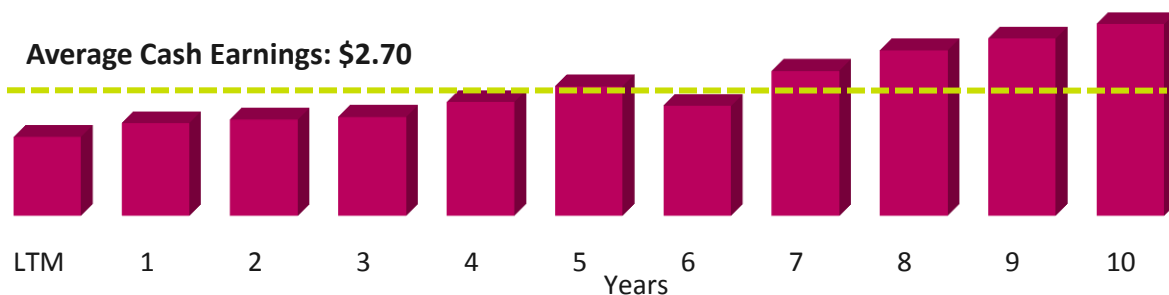
(3) Based on 2014 consensus estimates.

# What's it all worth?



### Hypothetical Distributable Earnings

(\$ per diluted unit)



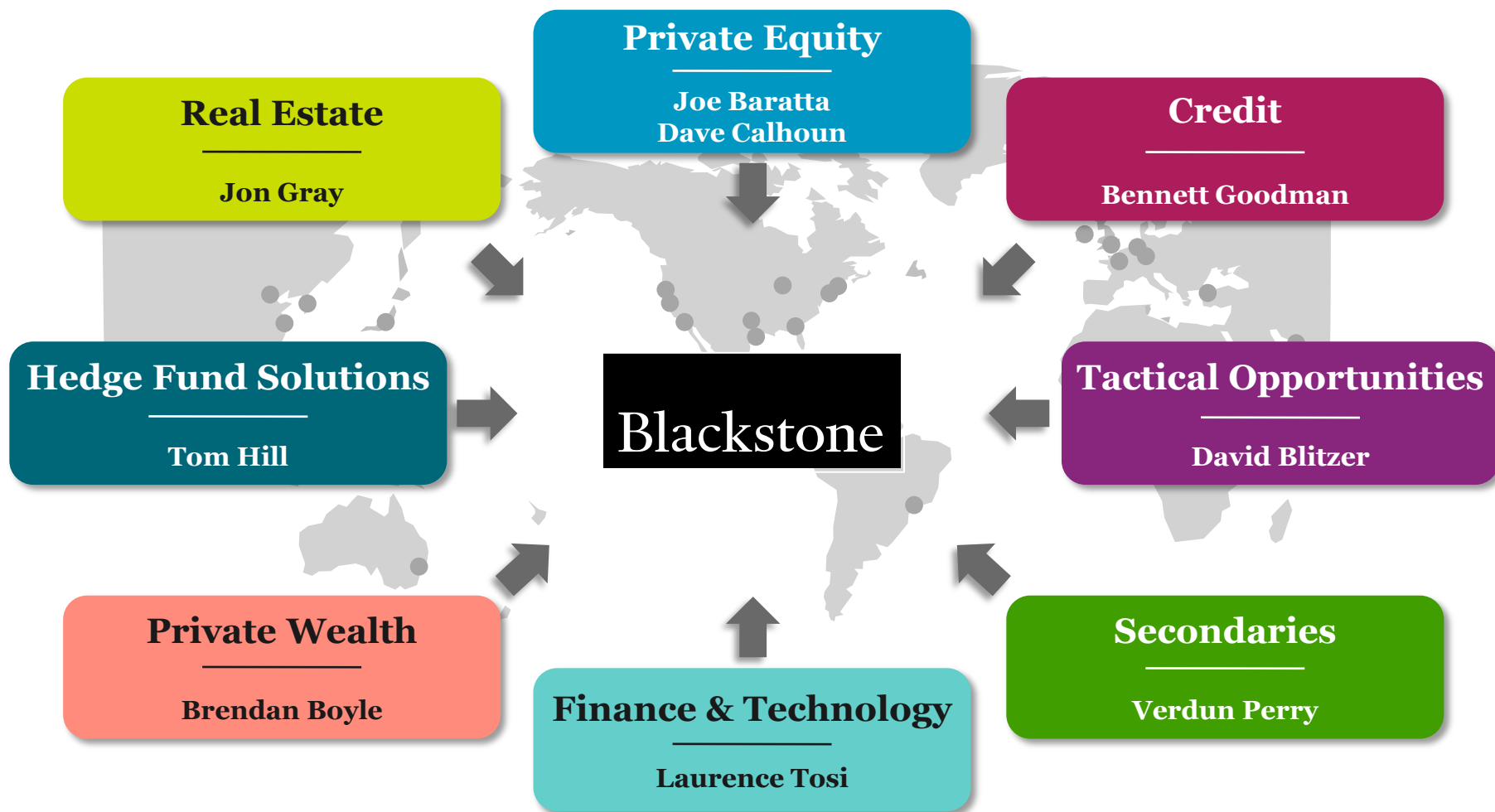
### Implied Stock Price

Yield in Year 10	Year 10 Distributions	excluding Distributions	Cumulative Distributions Paid	Total
6%	\$69	+	\$27	= \$96
5%	\$83	+	\$27	= \$110
4%	\$104	+	\$27	= \$131

Note: Presentation of hypothetical growth in Fee-Earning AUM and Distributable Earnings not intended to project future performance. Calculation of hypothetical Distributable Earnings per unit is intended to be illustrative and for that purpose contains a number of assumptions including, among others, constant management and performance fee rates and margins over the ten-year period, a 2x realized multiple of invested capital over an average hold period of 4.5 years for our draw-down funds and an effective tax rate of 15%–20% on taxable income for the ten-year period. Cumulative distributions paid assumes 100% payout of Distributable Earnings. Analysis assumes no reinvestment of distributions paid.

## **Welcome Remarks**

# Welcome to Blackstone's fourth Investor Day



Leading market positions across all our businesses

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People have been trying to imitate Blackstone  
for years...

## Not easy to replicate

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- ▶ One of the best brands in all financial services
- ▶ Most extensive network of institutional LP relationships
- ▶ Deepest and broadest management team
- ▶ Scale to handle large, complex transactions that others can't
- ▶ Better information; seamless sharing of knowledge and ideas
- ▶ Unique culture
- ▶ Tradition of winning

**The only firm with leadership positions across multiple businesses**

# What makes Blackstone different?



## How is the market valuing leadership?

<b>For companies in the S&amp;P 500 with...</b>		<b>The median P/E multiple is...</b>
Earnings growth	>30%	20x
EBITDA margin	>50%	24x
Return on equity	>40%	19x
Dividend yield	>5%	16x
<b>Blackstone surpasses all of these metrics...</b>		<b>...but BX multiple is 10x</b>

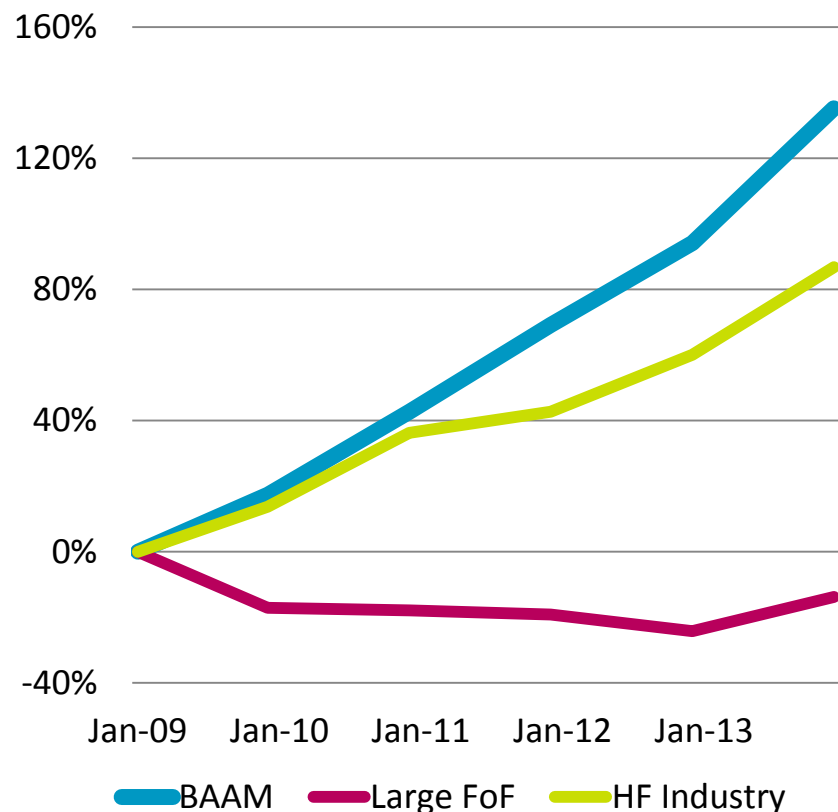
Note: Earnings growth reflects 3-year CAGR from 2010 through 2013. EBITDA margin and return on equity reflect 2013 full-year results. Dividend yield is based on 2014 consensus estimates. S&P 500 P/E multiple reflects the median multiple, based on 2014 consensus earnings, of S&P 500 companies that meet or exceed the given metric. Blackstone 10x multiple reflects 2014 consensus estimates.



# **Blackstone Alternative Asset Management**

# BAAM's growth has outpaced the hedge fund industry

Cumulative Growth in AUM<sup>(1)(2)</sup>  
(Jan-2009–Dec-2013)



Percentage Change in AUM<sup>(1)(2)(3)</sup>  
(Jan-2009–Dec-2013)

BAAM	▲	130%
10 Largest HFs as of Jan-09	▲	36%
10 Largest FoFs as of Jan-09	▼	29%

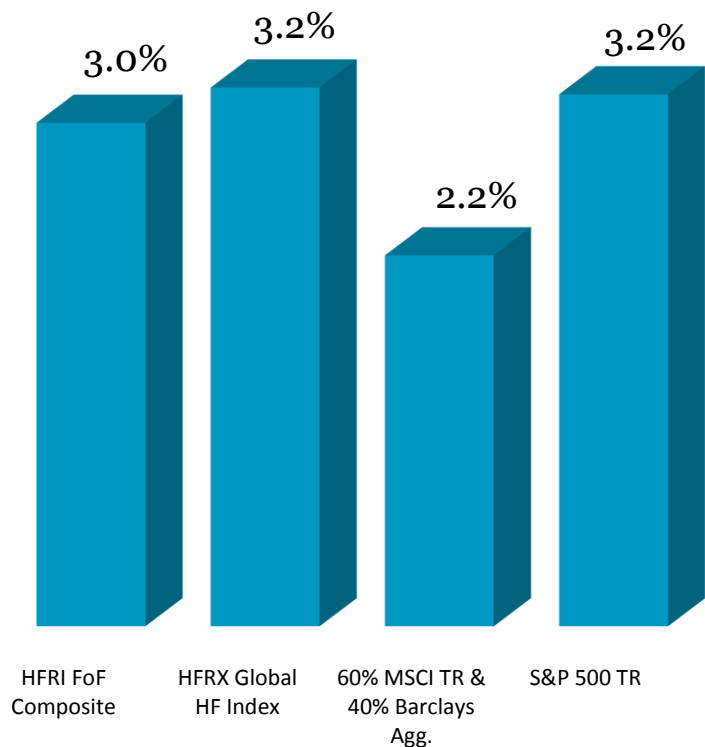
(1) Source: InvestHedge Billion Dollar Club. Data as of December 2013.

(2) Represents data from 1/1/2009 to 12/31/2013.

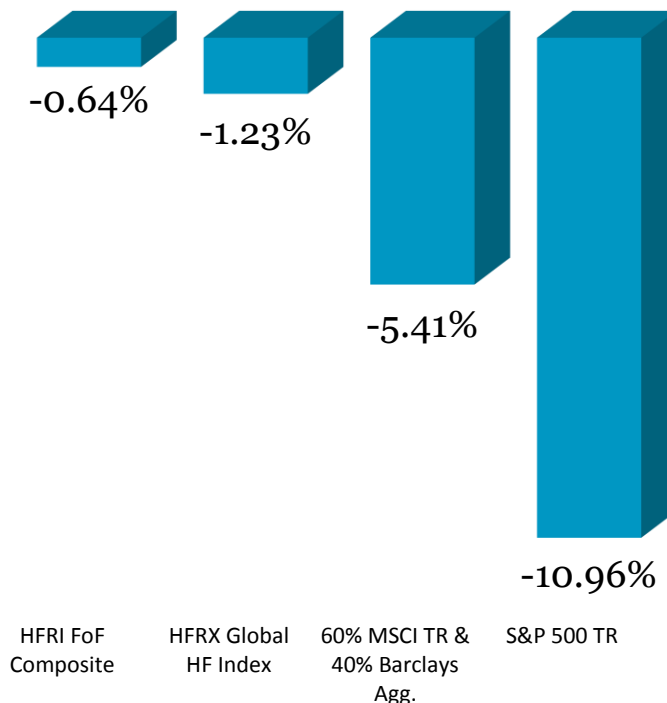
(3) Largest HFs and FoFs equal the 10 largest funds measured by AUM excluding BAAM. Source: InvestHedge Billion Dollar Club, December 2013.

# BAAM has outperformed industry benchmarks<sup>(1)</sup>

Annualized outperformance:  
BAAM Composite (net) vs. industry benchmarks  
(Jan-2000–Dec-2013)<sup>(2)</sup>



Annualized reduced volatility:  
BAAM Composite (net) vs. industry benchmarks  
(Jan-2000–Dec-2013)<sup>(2)</sup>



(1) Performance is shown since J. Tomilson Hill became President and CEO of BAAM.

(2) Past performance is not necessarily indicative of future results. Composite performance presented does not include all funds or strategies managed by BAAM. See disclosures at the beginning of this presentation for a description of the composite.

# Manufacturing new capacity drives growth and revenue in BAAM's traditional business lines

BAAM Principal Solutions (“BPS”): traditional commingled and customized solutions

## Executed Deals

(Jan-2012 – Apr-2014<sup>(1)</sup>)

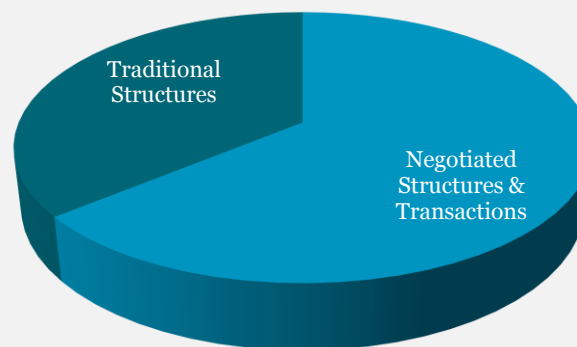


Total: 138

AUM: \$18bn

## Negotiated Structures/Transactions

(Apr-2014 Allocations<sup>(2)</sup>)



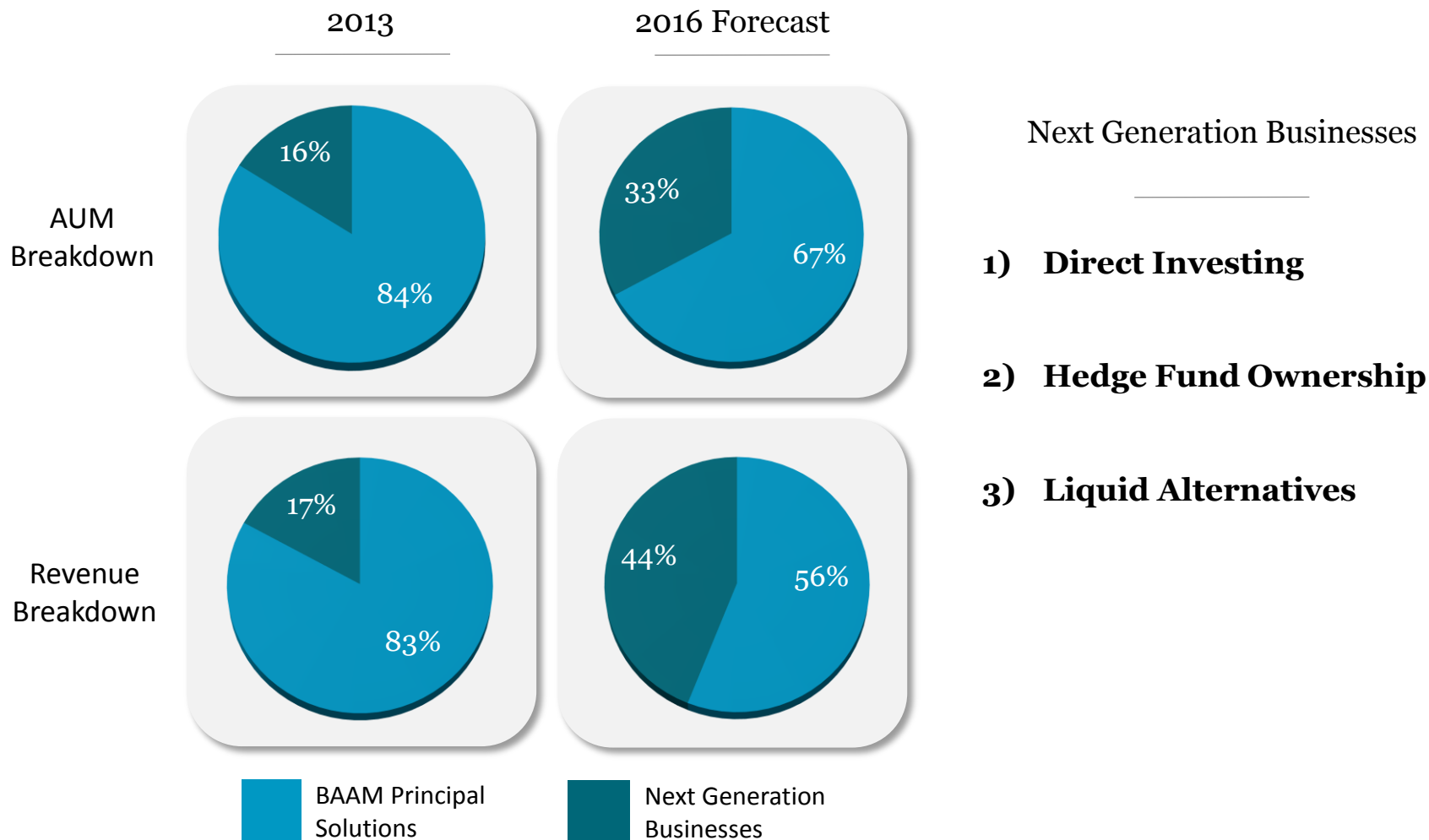
Total: 65%

AUM: \$38bn

(1) Count includes customized vehicles, vehicles with negotiated fee discounts, seeding platform funds and co-investment deals (special situations) that occurred since 2012. Volume does not double count (i.e., where a vehicle is customized capacity and has a negotiated fee discount, that vehicle is counted only once).

(2) Calculated by dividing total amount invested by BAAM in all customized vehicles, seeding platform funds, vehicles with negotiated fee discounts, and special situations co-investments (BSOF transactions) by BAAM's total AUM as of April 1, 2014. For purposes of this slide, BAAM includes BAAM's affiliated advisors.

# BAAM has diversified its AUM and revenue across multiple business lines



# Direct investing and hedge fund ownership drive increased profitability

## Direct Investing \$5.5bn AUM

- ▶ Idea sourcing
- ▶ Direct ownership
- ▶ Trading and hedging decisions
- ▶ Single layer of fees

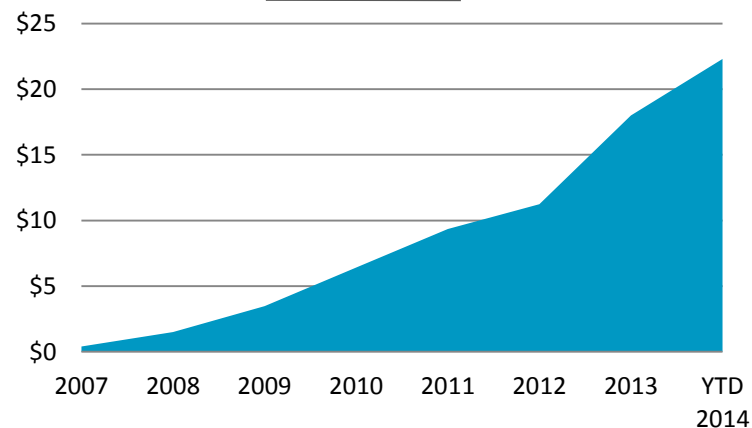
Our direct investing platform has produced returns in line with our composite of multi-strategy hedge funds, while achieving a higher Sharpe ratio

**Future vision: Multi-manager HF platform**

## Hedge Fund Ownership \$5.8bn AUM

- ▶ Direct economic participation
- ▶ Leveraged to industry growth
- ▶ Very long duration
- ▶ Monetization potential

### AUM of Managers Seeded by BAAM (\$ in billions)



**Future vision: GP stakes, 3<sup>rd</sup> Seed fund**

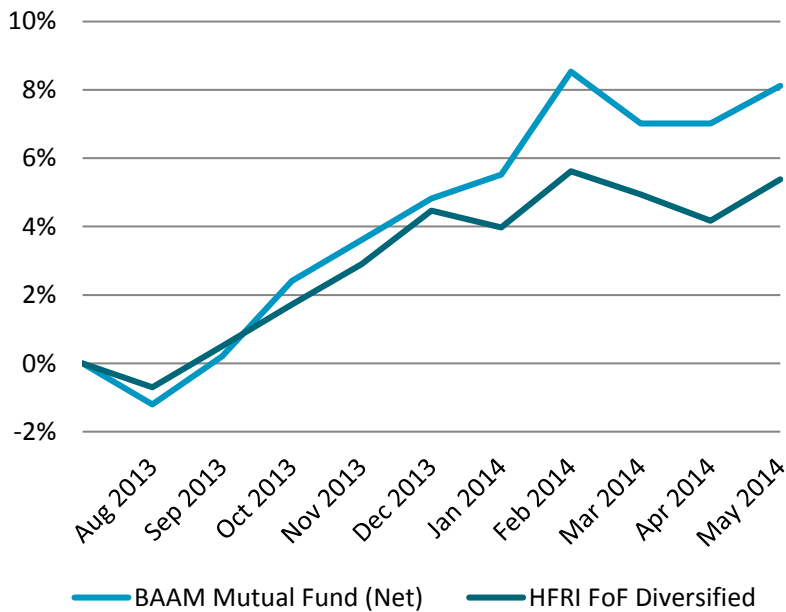
# Liquid alternatives hold growth potential

## Liquid Alternatives

\$2.0bn AUM

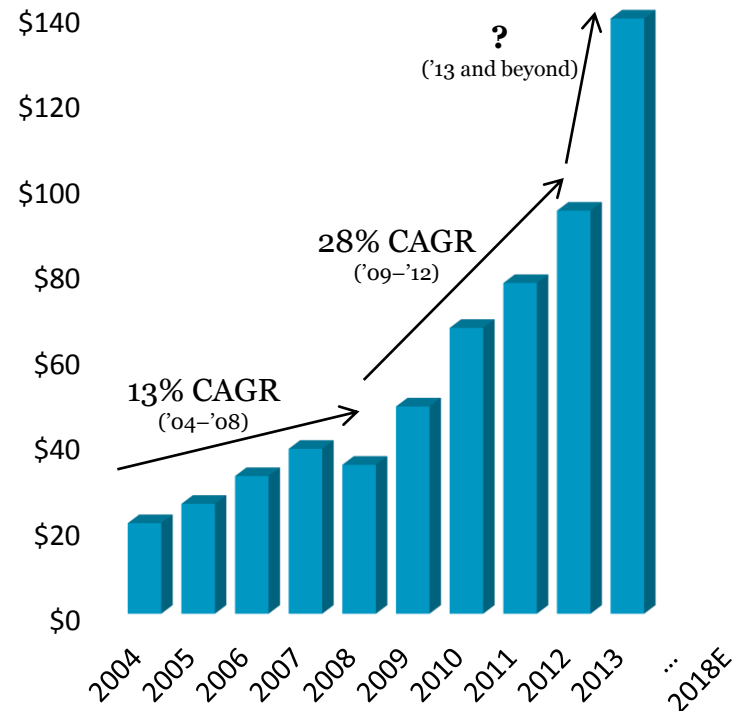
Differentiation by managing risks and creating capacity

BAAM Mutual Fund performance since inception<sup>(1)</sup>



## AUM Growth: Alternative Mutual Funds<sup>(2)</sup>

(\$ in billions)



## Future vision: Mutual funds, UCITS, EM bonds

(1) Past performance is not necessarily indicative of future results. Inception date was 8/6/13. Please see additional disclosures at the front of this presentation. The BAAM Mutual Fund is not available for investment by the general public.

(2) Morningstar: as of 12/31/13.

# BAAM's scale and long term investments in key capabilities have created significant barriers to entry

## Human Capital

**234**

BAAM professionals Worldwide<sup>(1)</sup>

**100**

Investment professionals  
Worldwide<sup>(1)</sup>

## Culture of Entrepreneurship

- ▶ New strategies
- ▶ New markets
- ▶ New structures

**BX**

Access to the broader  
Blackstone team

## Value Proposition

**60%+**

Of historical inflows from existing clients<sup>(2)</sup>

**50%–100%**

Of initial capital for new business lines  
often comes from existing clients

**50+**

Annual run rate deals  
negotiated with managers to  
create custom exposures

**\$20 million+**

Spent annually on investment technology

**18**

Clients utilize proprietary portfolio and risk  
management system

(1) As of 6/1/14.  
(2) Average from 2000–2013.



## BAAM is a high-growth business

- ▶ BAAM has maintained strong financial performance across major metrics...

### Hedge Fund Solutions (“HFS”) Summary Financials (\$ in millions)

	<b>2009</b>	<b>2013</b>	<b>CAGR</b>
<b>AUM</b>	\$28,799	\$55,657	18%
<b>Revenue</b>	313	649	20%
<b>Economic Income</b>	170	377	22%

- ▶ ...while making a significant contribution to Blackstone

### Base Earnings<sup>(1)</sup>

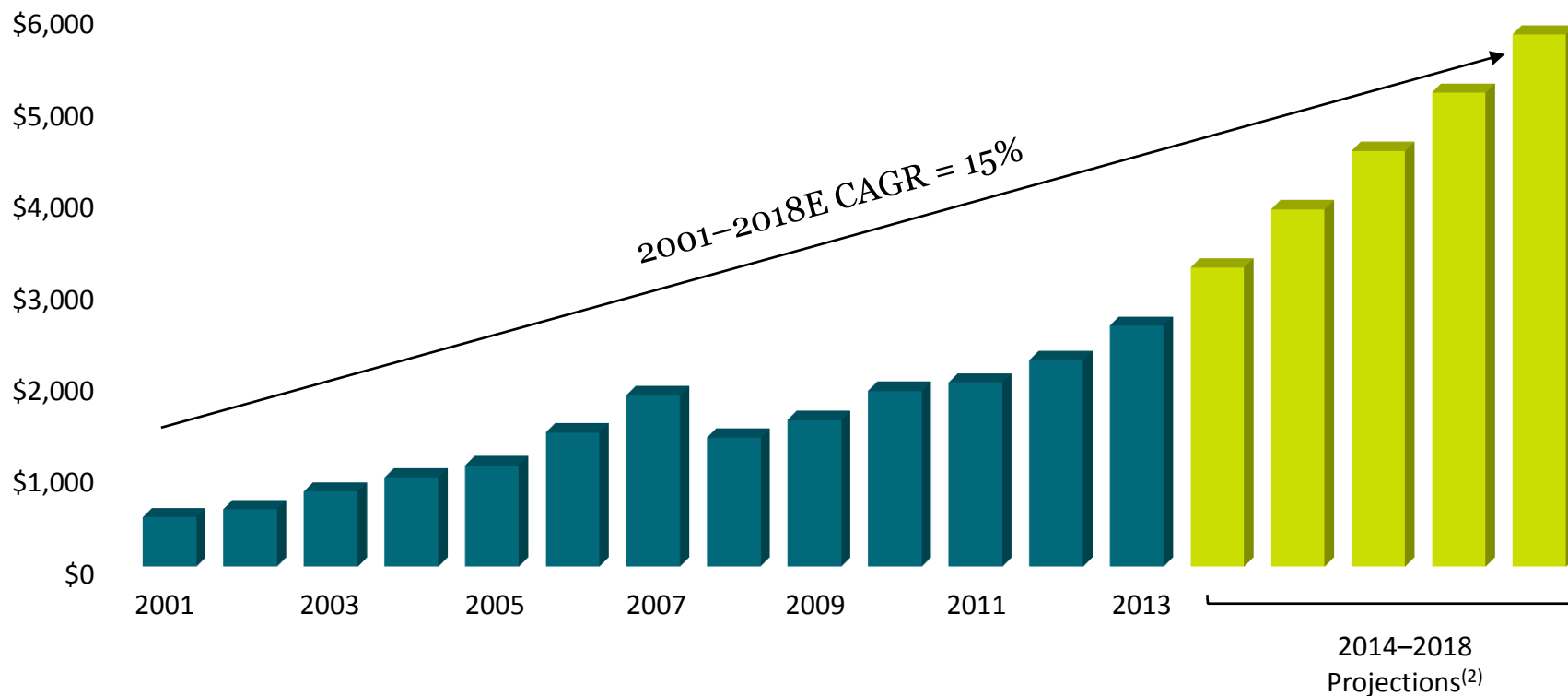
	<b>HFS as % of BX</b>
<b>2009</b>	22.1%
<b>2010</b>	28.4%
<b>2011</b>	24.7%
<b>2012</b>	25.7%
<b>2013</b>	27.6%
<b>5-yr Average</b>	<b>25.9%</b>

(1) Represents Economic Income excluding Performance Fee Revenues, Total Investment Income (Loss) and Performance Fee Compensation for the respective periods.

**Appendix: Industry Dynamics Should Support BAAM's  
Continued Growth**

# A strong outlook for the hedge fund industry should further strengthen BAAM's growth trajectory

AUM Growth (Hedge Fund Industry)<sup>(1)</sup>  
(\$ in billions)



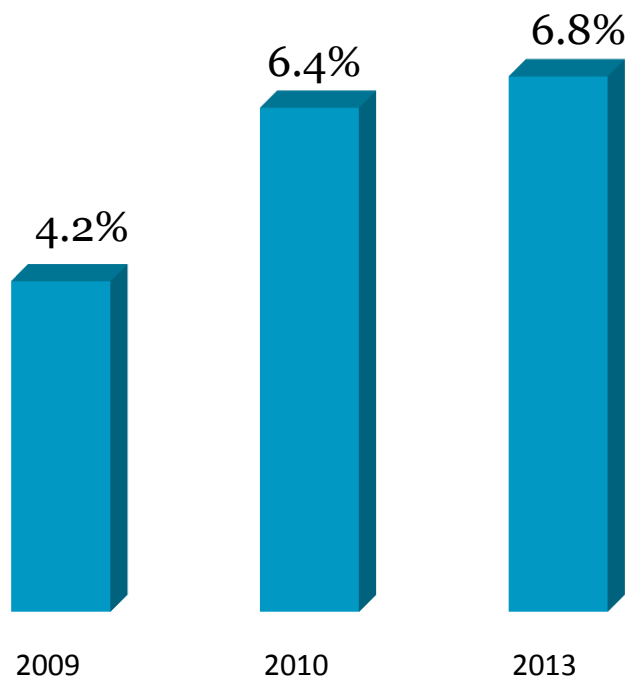
(1) Source: HFR Global Hedge Fund Industry Report, 12/31/13.

(2) Source: Citi Investors Services Annual Hedge Fund Survey, May 2014.

# Hedge funds becoming a larger part of institutional portfolios

- ▶ Pension Funds are increasing allocations to hedge funds

Average Pension Fund Allocation  
to Hedge Funds<sup>(1)</sup>



- ▶ Nearly half of institutions, including 52% of pension funds, reported increased hedge fund holdings during 2013<sup>(2)</sup>
- ▶ Pension funds, in particular, are increasing their hedge fund investments, with over 62% of them planning to grow such allocations in 2014<sup>(2)</sup>
- ▶ Allocations to alternatives, including hedge funds, now account for nearly one fifth of global pension fund AUM, compared to 5% only 15 years ago, with demand expected to continue<sup>(2)</sup>

(1) Source: McKinsey, "The Mainstreaming of Alternative Investments," 2013. Represents pension funds in the U.S., Canada, Australia, Japan, Netherlands, Switzerland and U.K.

(2) Source: Deutsche Bank's Annual Alternative Investment Survey, 2014.

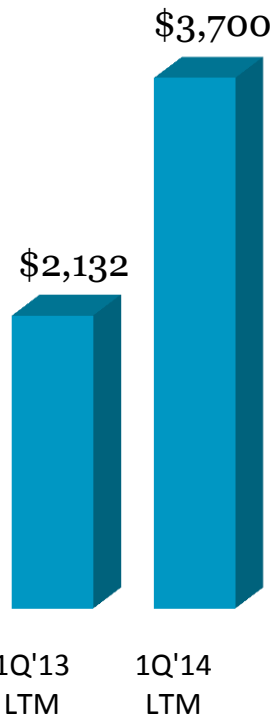
# **Blackstone Financials Update & Conclusion**

# Momentum: A record twelve months with strengthening forward indicators

(Dollars in millions)

## Economic Net Income

73% Increase



## Fee Related Earnings

13% Increase



## Distributable Earnings

46% Increase



**\$42 billion**  
Total Capital Returned over LTM

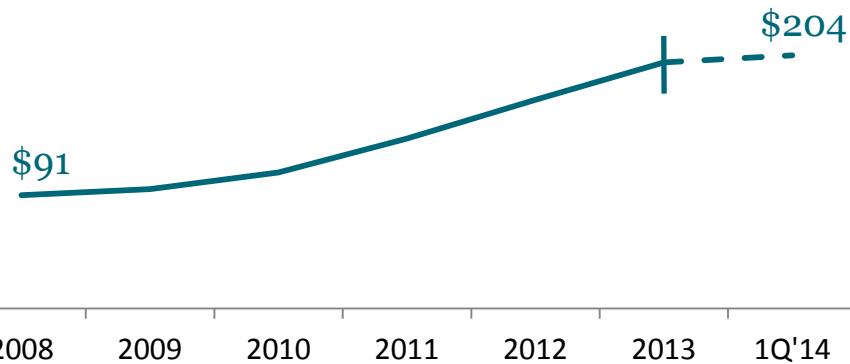
**\$62 billion**  
Gross Inflows over LTM

**\$22 billion**  
LTM Capital Invested / Committed

## Growth: Consistent, best-in-class growth over the last several years

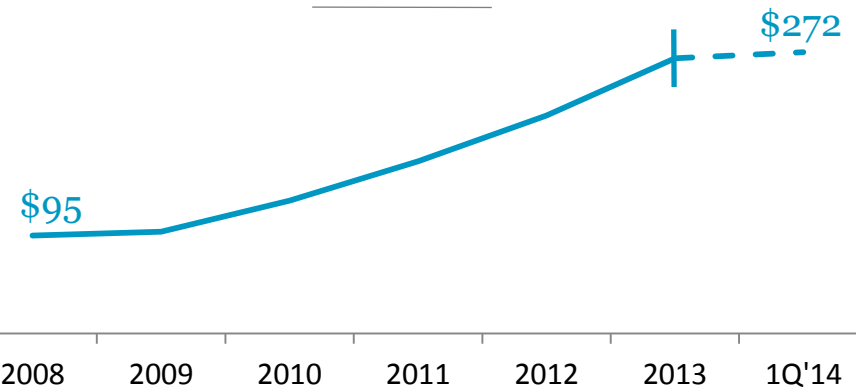
### Fee-Earning AUM

(Dollars in billions)



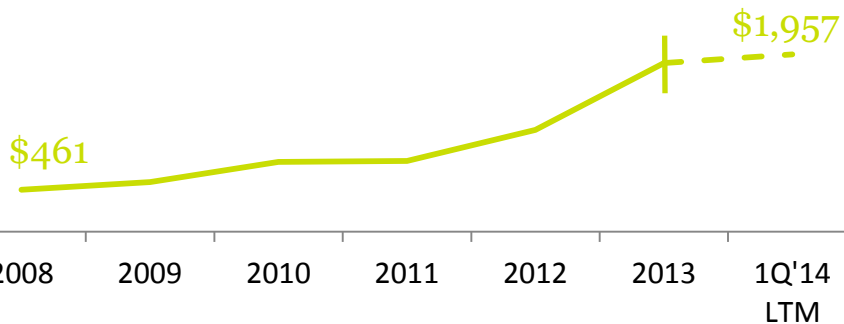
### Total AUM

(Dollars in billions)



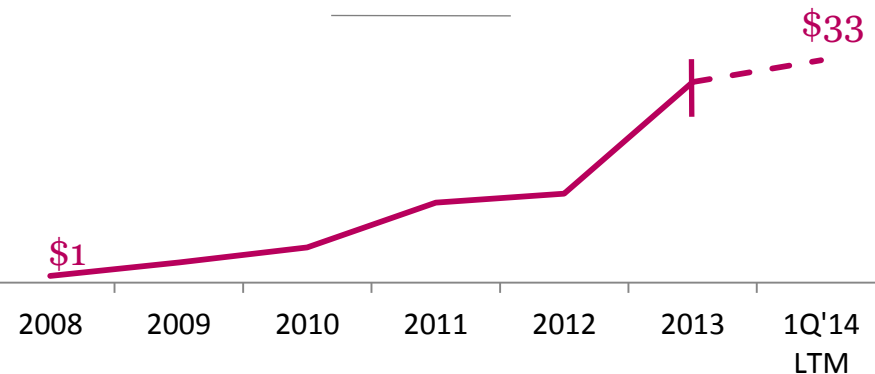
### Distributable Earnings

(Dollars in millions)



### Realizations

(Dollars in billions)



# Potential: Alternative Managers are gaining share as LPs continue an accelerating trend of allocating to higher returning private markets

Over 150

Public Asset Managers<sup>(1)</sup>

Public Asset Managers<sup>(1)</sup>



\$13.1 trillion

Assets Under Management

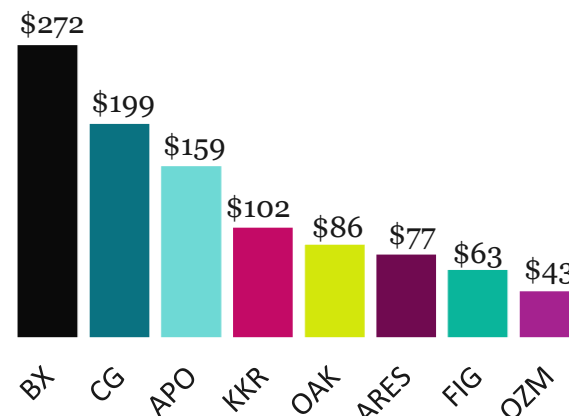
Alternative Manager Allocation Drivers

- ▶ Superior long-term returns
- ▶ Increasing allocations
- ▶ Not public market dependent
- ▶ Fewer scale competitors
- ▶ Higher manager return dispersion

8

Public Alternative Asset Managers

Public Alternatives



\$1.0 trillion

Assets Under Management

Totals may not add due to rounding. Data sourced from S&P Capital IQ and company filings.

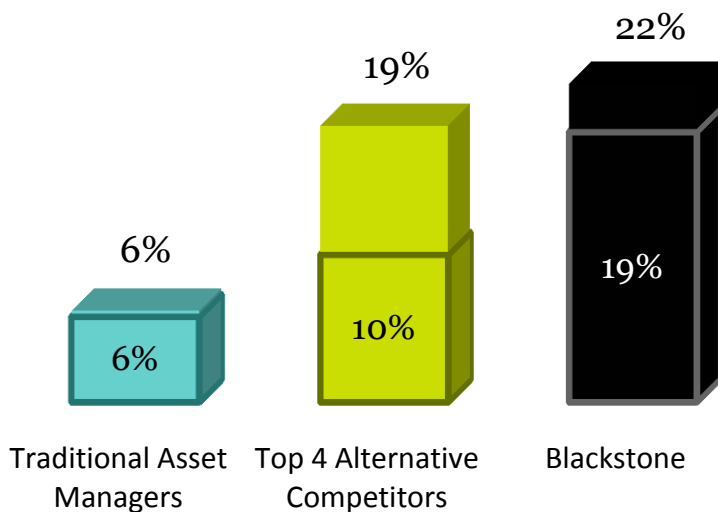
(1) Public Traditional Asset Managers with a market capitalization of \$75 million or more based on closing stock price as of June 5, 2014 using available data.



# Positioning: The leader in the fastest-growing asset management segment

*Since 2011, Alternatives are growing faster than Traditionals...*

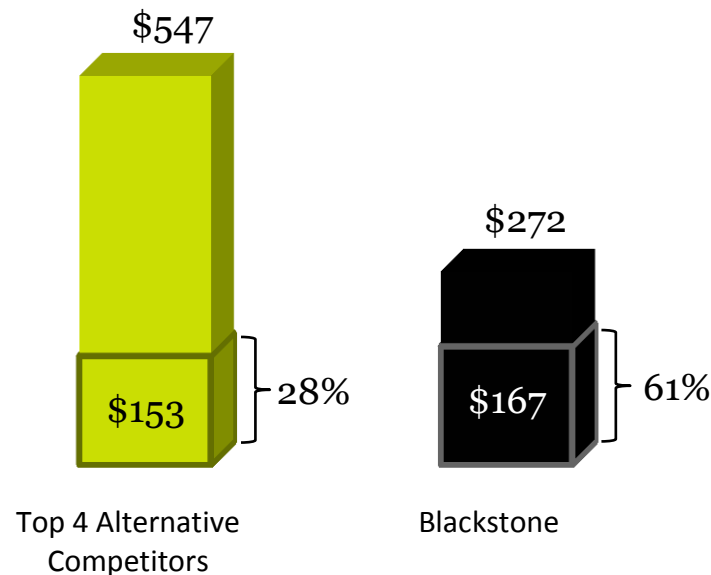
Total AUM Growth: 2011 – 1Q'14  
(CAGR)



☐ Indicates Organic Growth<sup>(1)</sup>

*...and Blackstone is the fastest growing in the Alternative space*

Total AUM and Capital Raised: 2011 – 1Q'14  
(Dollars in billions)

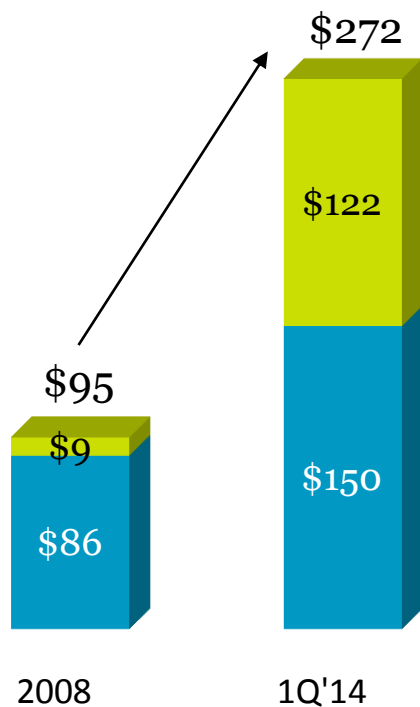


☐ Indicates Capital Raised

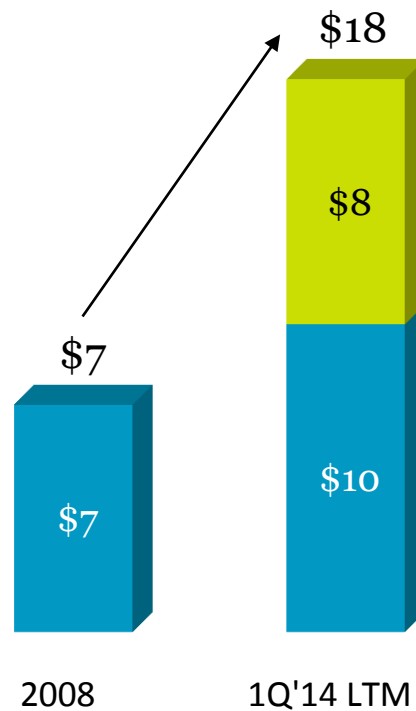
Totals may not add due to rounding. Data sourced from company filings. Compounded Annual Growth Rate ("CAGR").  
 Traditional Asset Managers include: AB, AMG, BEN, BLK, EV, FII, IVZ, JNS, LM, TROW and WDR. Top 4 Competitors Combined include: APO, CG, KKR and OAK.  
 (1) Organic growth strips out acquisitions and includes top 11 public traditional managers.

# Innovation: Integrated investment platform exposed to opportunities around the world and moves quickly to develop new strategies

**Total AUM**  
(Dollars in billions)



**Total Capital Invested**  
(Dollars in billions)



**43%**  
1Q'14 LTM Capital Invested outside of North America

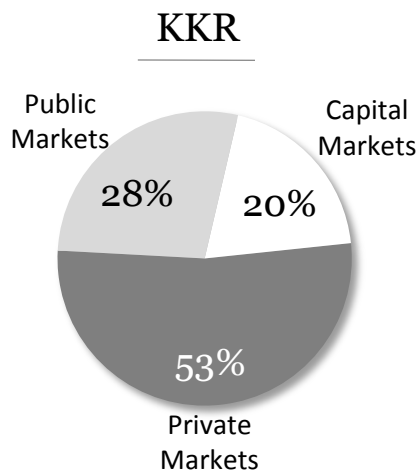
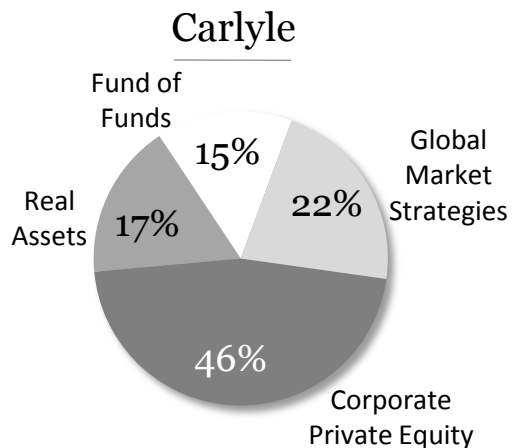
**\$129 billion**  
Gross Inflows in New Strategies<sup>(1)</sup> since 2008

**\$97 billion**  
Gross Inflows in Existing Strategies since 2008

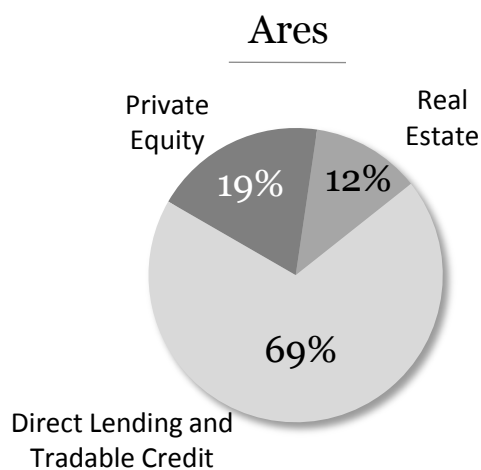
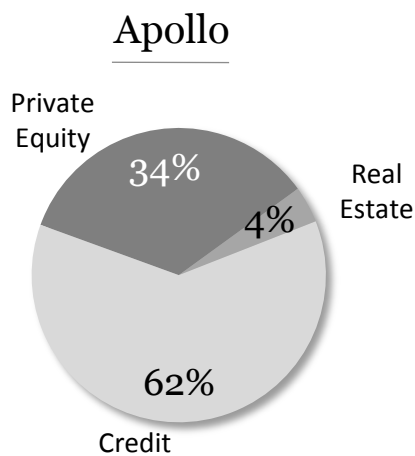
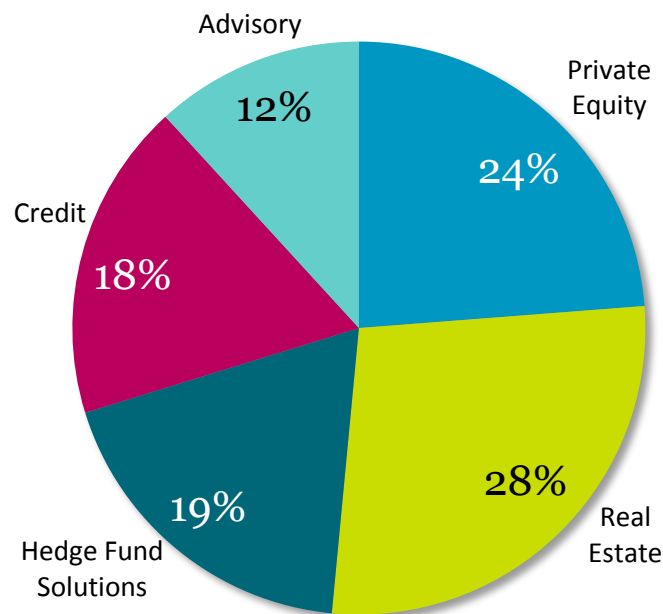
■ Existing Strategies<sup>(2)</sup>    ■ New Strategies<sup>(1)</sup>

(1) New Strategies include acquisitions.  
(2) Existing strategies at the time of the IPO.

## Diversity: Blackstone has the most diversified and balanced Fee Revenues

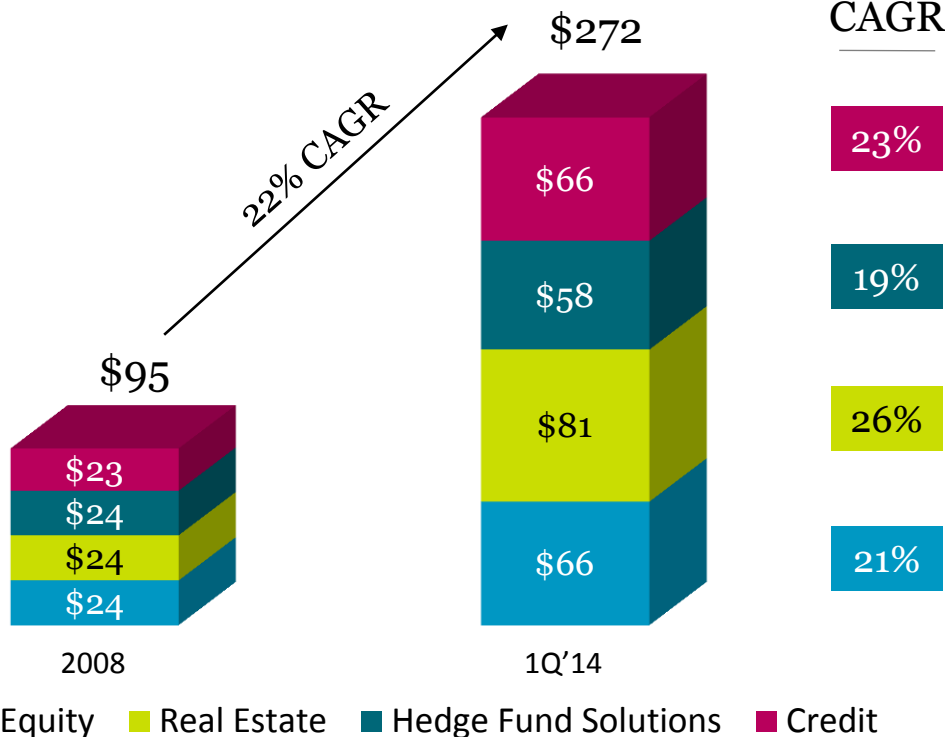


### Blackstone



**Balance:** Continuing to grow at a rapid pace while maintaining diversity and growing the competitive advantage over peers

**Total AUM**  
(Dollars in billions)



**187%**

Total AUM Growth Since 2008

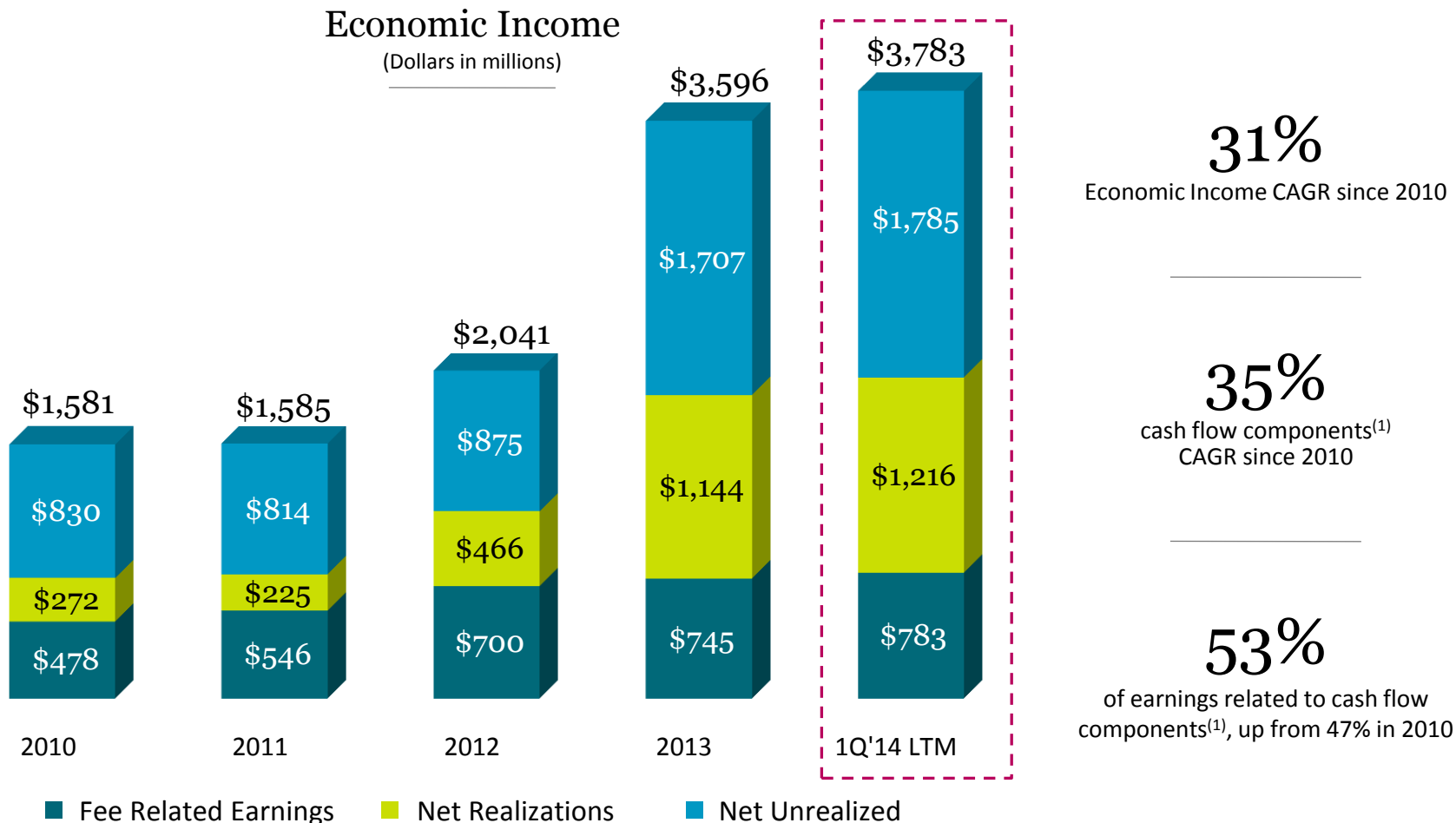
**\$73 billion**

Realizations since 2008

**\$48 billion**

1Q'14 Dry Powder

Value Realization: Drives a shift in the earnings mix while “*value creation*” remains robust, which is an indicator of future earnings



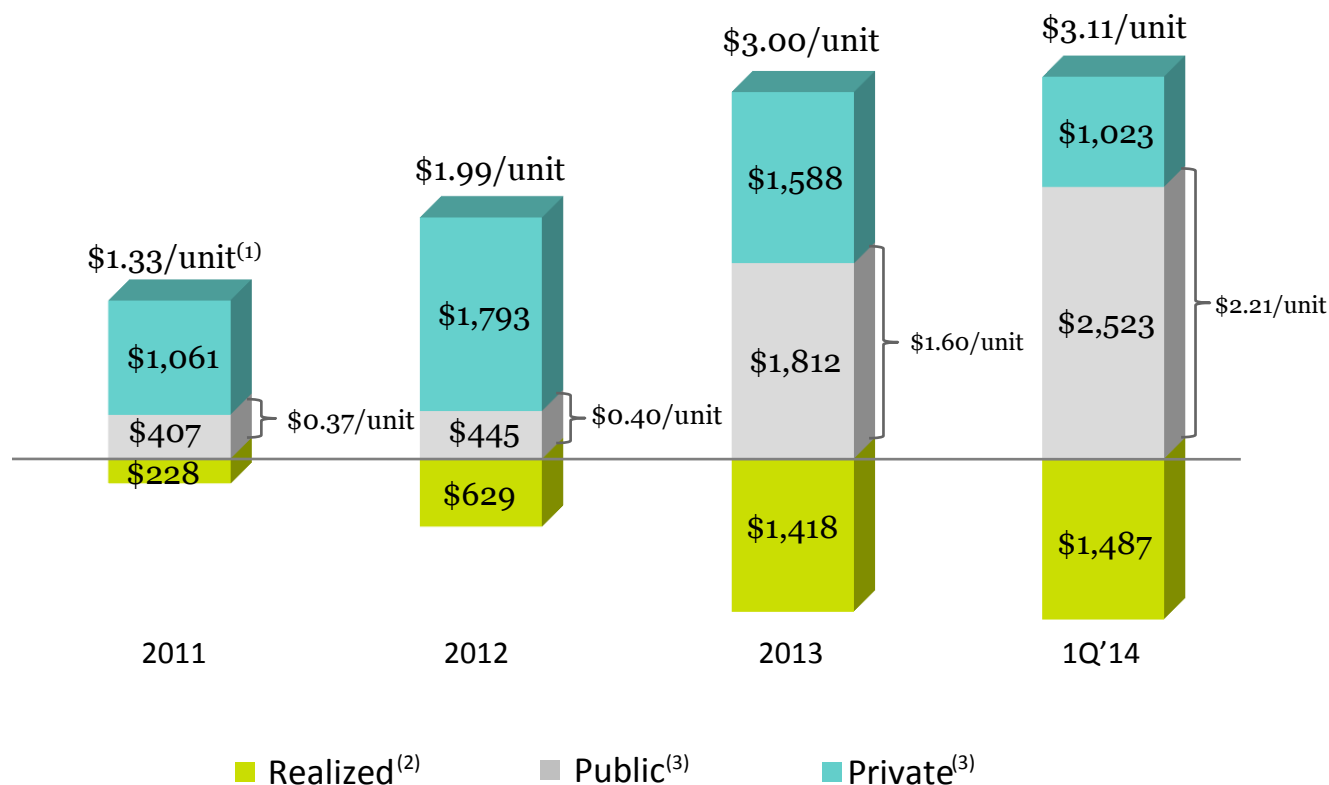
Totals may not add due to rounding.

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

# Compounding Effect: Value creation and asset diversity drives Net Performance Fee growth, even throughout robust realization cycles

## Net Accrued and Realized Performance Fees

(Dollars in millions)



**71%**  
Net Accrued Performance Fees public or liquidating at 1Q'14

**130%**  
Realized Performance Fee CAGR since 2011

**100%**  
BX drawdown funds inception to date in Net Carry position

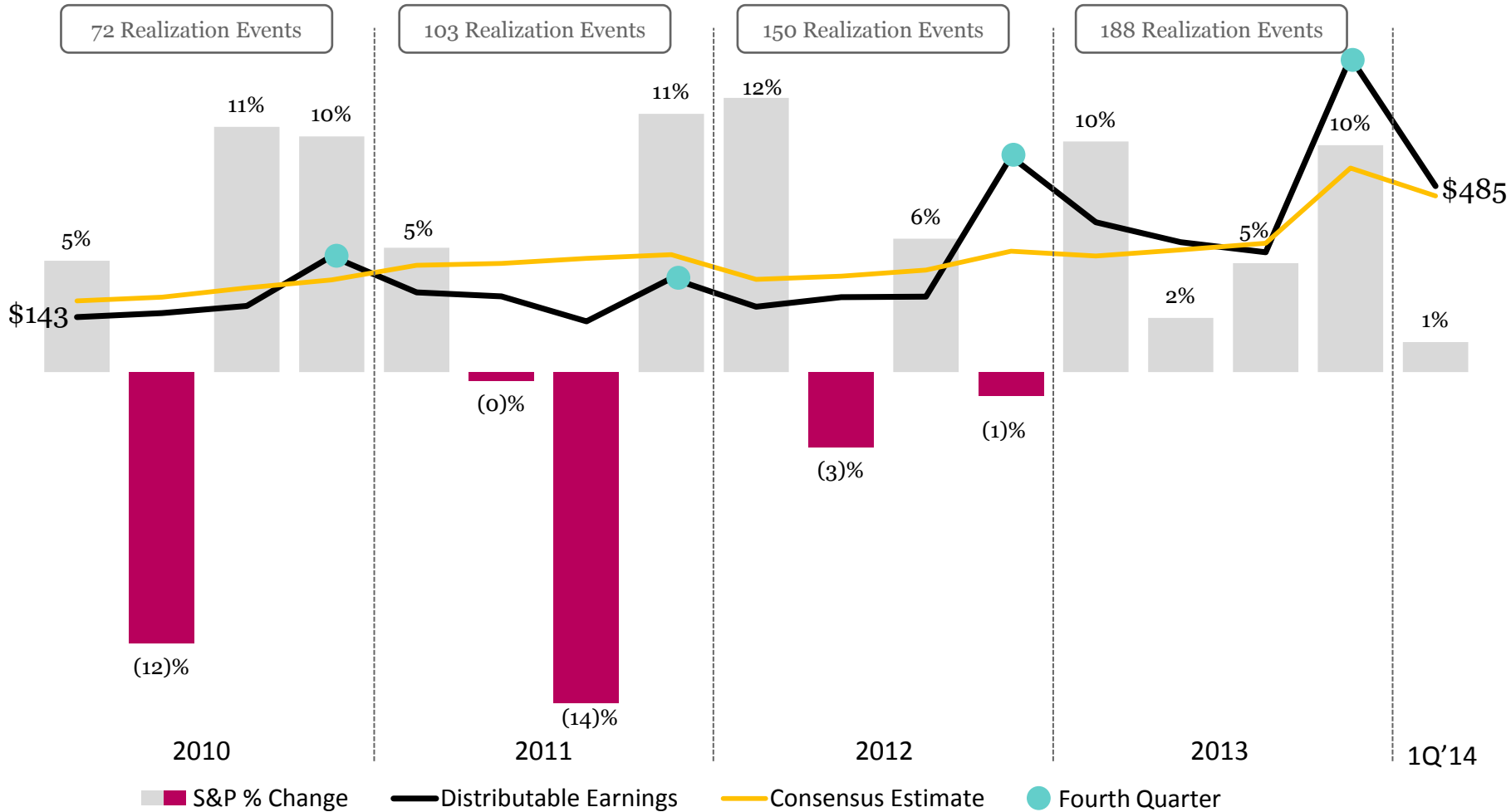
(1) Per unit calculations are based on quarter-end Distributable Earnings Units Outstanding.

(2) Represents Total Segments Realized Carried Interest and Realized Incentive Fee for the respective periods with 1Q'14 representing 1Q'14 LTM.

(3) In total, represents Blackstone's Net Accrued Performance Fee Receivable. 1Q'14 Public includes liquidating portfolio investments.

# Uncorrelated: Annual seasonality and underlying investment performance drives financial performance rather than trends of the S&P 500

(Dollars in millions)



Note: Data presented annually by quarter. Consensus Estimates are sourced from S&P Capital IQ and/or research reports.

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## Core Strategy: a business model optimized to outperform for fund and equity investors across all cycles

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Organic Growth

Superior growth comes from fund performance, breadth of offerings and culture of innovation

Pure Asset Manager

Managing third party assets provides scale, avoids LP conflicts and drives higher Return on Equity

Value Creation

Core expertise of actively creating value at the portfolio level is a sustainable advantage across cycles

Consistent Earnings

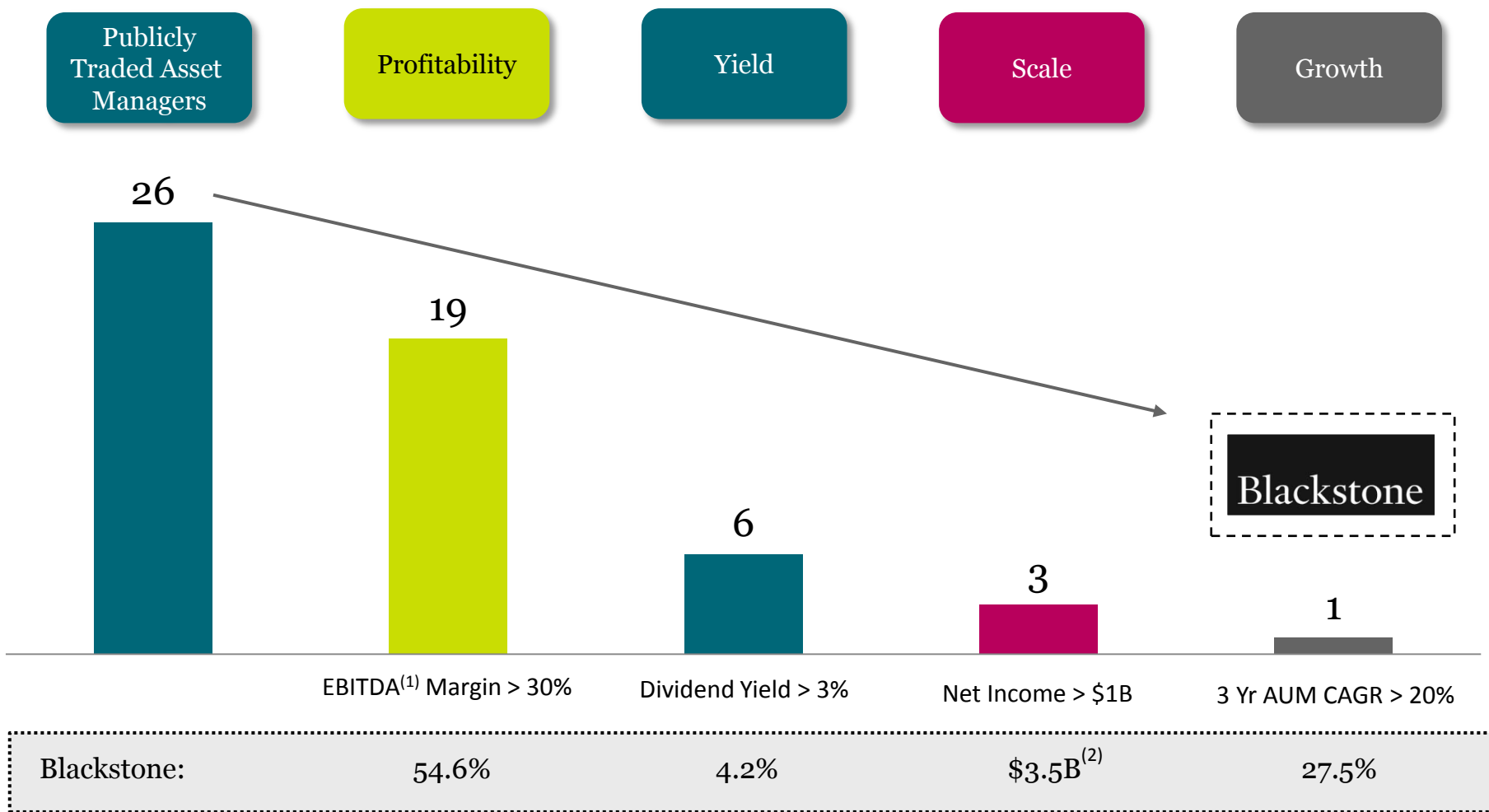
Underlying portfolio assets provide diversified and uncorrelated earnings stream

Advantages of Scale

Each business benefits from the long track record and global scale needed to sustain growth for the long-term



# Unique: Blackstone is one of the world's fastest growing and most profitable asset managers



Source: Company filings, FactSet, SNL. Data as of December 31, 2013.

Note: Publicly Traded Asset Managers include BEN, BLK, AMG, TROW, LM, EV, JNS, FII, CLMS, WDR, GBL, CNS, AB, IVZ, PZM, WETF, VRTS, MN, APAM, BX, KKR, APO, FIG, OZM, CG and OAK.

(1) EBITDA adjusted for unusual and non-recurring items; NFRE EBITDA used for alternative asset managers (KKR, APO, CG, OAK, OZM and FIG). Blackstone EBITDA margin equals Adjusted EBITDA divided by Total Management and Advisory Fees, Net, Interest Income and Dividend Revenue, Other, Realized Carried Interest, Realized Incentive Fees and Realized Investment Income.

(2) Represents Economic Net Income.

# Appendix

## GAAP Statement of Operations

(Dollars in Thousands)	2008	2009	2010	2011	2012	2013	1Q'12	1Q'13	1Q'14	1Q'13 LTM	1Q'14 LTM
<b>Revenues</b>											
Management and Advisory Fees, Net	\$ 1,476,357	\$ 1,482,226	\$ 1,584,748	\$ 1,811,750	\$ 2,030,693	\$ 2,193,985	\$ 471,676	\$ 482,133	\$ 573,160	\$ 2,041,150	\$ 2,285,012
Performance Fees											
Realized Carried Interest			244,963	138,907	327,422	943,958	13,560	294,170	333,623	608,032	983,411
Realized Incentive Fees			121,758	90,099	301,801	464,838	5,279	23,741	43,794	320,263	484,891
Realized	38,941	70,492									
Unrealized Carried Interest			457,002	971,518	994,190	2,158,010	298,796	177,347	330,394	872,741	2,311,057
Unrealized Incentive Fees			114,111	(17,864)	(30,361)	(22,749)	67,135	105,798	64,233	8,302	(64,314)
Unrealized	(1,286,261)	150,598									
Total Performance Fees	(1,247,320)	221,090	937,834	1,182,660	1,593,052	3,544,057	384,770	601,056	772,044	1,809,338	3,715,045
Investment Income (Loss)											
Realized	(16,425)	44,320	29,157	87,542	93,963	188,644	16,335	42,353	153,026	119,981	299,317
Unrealized	(606,452)	(3,716)	532,004	125,781	256,231	611,664	72,826	106,230	13,500	289,635	518,934
Total Investment Income (Loss)	(622,877)	40,604	561,161	213,323	350,194	800,308	89,161	148,583	166,526	409,616	818,251
Interest and Dividend Revenue	30,879	22,680	36,218	37,427	40,354	64,511	7,636	12,557	14,069	45,275	66,023
Other	13,600	7,099	(619)	7,416	5,148	10,307	(1,207)	2,144	869	8,499	9,032
<b>Total Revenues</b>	<b>(349,361)</b>	<b>1,773,699</b>	<b>3,119,342</b>	<b>3,252,576</b>	<b>4,019,441</b>	<b>6,613,168</b>	<b>952,036</b>	<b>1,246,473</b>	<b>1,526,668</b>	<b>4,313,878</b>	<b>6,893,363</b>
<b>Expenses</b>											
Compensation and Benefits											
Compensation	4,062,238	3,778,686	3,253,226	2,421,712	2,091,698	1,844,485	495,255	451,430	485,351	2,047,873	1,878,406
Performance Fee Compensation											
Realized Carried Interest			70,716	43,615	96,433	257,201	7,938	89,437	149,398	177,932	317,162
Realized Incentive Fees			57,600	55,912	140,042	200,915	4,252	10,508	23,635	146,298	214,042
Realized	4,997	25,102									
Unrealized Carried Interest			165,340	237,945	321,599	966,717	84,543	95,472	40,730	332,528	911,975
Unrealized Incentive Fees			63,307	(20,759)	(44,528)	(11,651)	12,779	44,478	23,531	(12,829)	(32,598)
Unrealized	(207,448)	(26,182)									
Total Compensation and Benefits	3,859,787	3,777,606	3,610,189	2,738,425	2,605,244	3,257,667	604,767	691,325	722,645	2,691,802	3,288,987
General, Administrative and Other	440,776	443,573	466,358	566,313	548,738	474,442	142,766	109,306	135,554	515,278	500,690
Interest Expense	23,008	13,384	41,229	57,824	72,870	107,973	14,518	27,062	24,667	85,414	105,578
Fund Expenses	63,031	7,296	26,214	25,507	33,829	26,658	21,742	7,408	4,985	19,495	24,235
<b>Total Expenses</b>	<b>4,386,602</b>	<b>4,241,859</b>	<b>4,143,990</b>	<b>3,388,069</b>	<b>3,260,681</b>	<b>3,866,740</b>	<b>783,793</b>	<b>835,101</b>	<b>887,851</b>	<b>3,311,989</b>	<b>3,919,490</b>
<b>Other Income (Loss)</b>											
Reversal of Tax Receivable Agreement Liability	-	-	-	197,816	-	20,469	-	-	-	-	20,469
Net Gains (Loss) from Fund Investment Activities	(872,336)	176,694	501,994	14,935	256,145	381,664	288,142	67,210	70,155	35,213	384,609
<b>Income (Loss) Before Provision (Benefit) for Taxes</b>	<b>\$ (5,608,299)</b>	<b>\$ (2,291,466)</b>	<b>\$ (522,654)</b>	<b>\$ 77,258</b>	<b>\$ 1,014,905</b>	<b>\$ 3,148,561</b>	<b>\$ 456,385</b>	<b>\$ 478,582</b>	<b>\$ 708,972</b>	<b>\$ 1,037,102</b>	<b>\$ 3,378,951</b>
Provision (Benefit) for Taxes	(14,145)	99,230	84,669	345,711	185,023	255,642	38,753	50,993	54,097	197,263	258,746
<b>Net Income (Loss)</b>	<b>\$ (5,594,154)</b>	<b>\$ (2,390,696)</b>	<b>\$ (607,323)</b>	<b>\$ (268,453)</b>	<b>\$ 829,882</b>	<b>\$ 2,892,919</b>	<b>\$ 417,632</b>	<b>\$ 427,589</b>	<b>\$ 654,875</b>	<b>\$ 839,839</b>	<b>\$ 3,120,205</b>
<b>Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities</b>	<b>(632,495)</b>	<b>131,097</b>	<b>87,651</b>	<b>(24,869)</b>	<b>103,598</b>	<b>183,315</b>	<b>54,259</b>	<b>62,316</b>	<b>45,792</b>	<b>111,655</b>	<b>166,791</b>
<b>Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities</b>	<b>(159,828)</b>	<b>(14,328)</b>	<b>343,498</b>	<b>7,953</b>	<b>99,959</b>	<b>198,557</b>	<b>197,643</b>	<b>(9,452)</b>	<b>43,961</b>	<b>(107,136)</b>	<b>251,970</b>
<b>Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings</b>	<b>(3,638,799)</b>	<b>(1,792,174)</b>	<b>(668,444)</b>	<b>(83,234)</b>	<b>407,727</b>	<b>1,339,845</b>	<b>107,405</b>	<b>207,090</b>	<b>299,505</b>	<b>507,412</b>	<b>1,432,260</b>
<b>Net Income (Loss) Attributable to The Blackstone Group L.P.</b>	<b>\$ (1,163,032)</b>	<b>\$ (715,291)</b>	<b>\$ (370,028)</b>	<b>\$ (168,303)</b>	<b>\$ 218,598</b>	<b>\$ 1,171,202</b>	<b>\$ 58,325</b>	<b>\$ 167,635</b>	<b>\$ 265,617</b>	<b>\$ 327,908</b>	<b>\$ 1,269,184</b>

## Total Segments

(Dollars in Thousands)	2008	2009	2010	2011	2012	2013	1Q'12	1Q'13	1Q'14	1Q'13 LTM	1Q'14 LTM
<b>Revenues</b>											
<b>Management and Advisory Fees, Net</b>											
Base Management Fees	\$ 1,041,718	\$ 999,829	\$ 1,069,471	\$ 1,281,185	\$ 1,591,403	\$ 1,740,807	\$ 395,506	\$ 408,747	\$ 476,878	\$ 1,604,644	\$ 1,808,938
Advisory Fees	397,519	390,718	426,140	382,240	357,417	410,514	75,846	67,020	69,963	348,591	413,457
Transaction and Other Fees, Net <sup>(1)</sup>	96,358	115,040	137,748	247,513	227,119	206,977	38,471	37,974	59,910	226,622	228,913
Management Fee Offsets <sup>(2)</sup>	(16,437)	(17,161)	(2,313)	(33,393)	(40,953)	(72,220)	(13,050)	(9,662)	(16,644)	(37,565)	(79,202)
<b>Total Management and Advisory Fees, Net</b>	<b>1,519,158</b>	<b>1,488,426</b>	<b>1,631,046</b>	<b>1,877,545</b>	<b>2,134,986</b>	<b>2,286,078</b>	<b>496,773</b>	<b>504,079</b>	<b>590,107</b>	<b>2,142,292</b>	<b>2,372,106</b>
<b>Performance Fees</b>											
Realized Carried Interest	26,953	29,452	244,963	138,907	327,422	943,958	13,560	294,170	333,623	608,032	983,411
Realized Incentive Fees	12,060	44,812	116,700	89,029	301,464	474,333	5,279	24,727	53,837	320,912	503,443
Unrealized Carried Interest	(1,274,327)	100,304	457,002	971,518	994,190	2,158,010	298,796	177,347	330,288	872,741	2,310,951
Unrealized Incentive Fees	(11,935)	65,563	107,624	(24,928)	(29,311)	(19,928)	68,121	107,755	61,266	10,323	(66,417)
<b>Total Performance Fees</b>	<b>(1,247,249)</b>	<b>240,131</b>	<b>926,289</b>	<b>1,174,526</b>	<b>1,593,765</b>	<b>3,556,373</b>	<b>385,756</b>	<b>603,999</b>	<b>779,014</b>	<b>1,812,008</b>	<b>3,731,388</b>
<b>Investment Income (Loss)</b>											
Realized	(64,677)	29,544	46,915	102,575	95,398	170,471	23,492	38,110	111,917	110,016	244,278
Unrealized	(691,934)	3,880	501,634	82,689	190,846	517,334	59,914	96,661	4,550	227,593	425,223
<b>Total Investment Income (Loss)</b>	<b>(756,611)</b>	<b>33,424</b>	<b>548,549</b>	<b>185,264</b>	<b>286,244</b>	<b>687,805</b>	<b>83,406</b>	<b>134,771</b>	<b>116,467</b>	<b>337,609</b>	<b>669,501</b>
Interest Income and Dividend Revenue	29,014	22,492	36,096	38,844	46,630	70,936	9,345	14,661	22,362	51,946	78,637
Other	13,595	7,096	(618)	7,415	5,149	10,308	(1,207)	2,143	869	8,499	9,034
<b>Total Revenues</b>	<b>(442,093)</b>	<b>1,791,569</b>	<b>3,141,362</b>	<b>3,283,594</b>	<b>4,066,774</b>	<b>6,611,500</b>	<b>974,073</b>	<b>1,259,653</b>	<b>1,508,819</b>	<b>4,352,354</b>	<b>6,860,666</b>
<b>Expenses</b>											
Compensation	771,426	769,856	859,114	960,569	1,030,776	1,115,640	254,772	266,977	306,545	1,042,981	1,155,208
<b>Performance Fee Compensation</b>											
Realized Carried Interest	(1,421)	2,844	70,716	43,615	96,433	257,201	7,938	89,437	149,398	177,932	317,162
Realized Incentive Fees	6,418	22,260	57,600	55,912	140,042	200,915	4,252	10,508	23,635	146,298	214,042
Unrealized Carried Interest	(204,262)	(69,824)	165,340	237,944	321,599	966,717	84,543	95,472	40,690	332,528	911,935
Unrealized Incentive Fees	(3,452)	43,641	63,306	(20,759)	(44,528)	(11,651)	12,779	44,478	23,531	(12,829)	(32,598)
<b>Total Compensation and Benefits</b>	<b>568,709</b>	<b>768,777</b>	<b>1,216,076</b>	<b>1,277,281</b>	<b>1,544,322</b>	<b>2,528,822</b>	<b>364,284</b>	<b>506,872</b>	<b>543,799</b>	<b>1,686,910</b>	<b>2,565,749</b>
Other Operating Expenses	319,216	299,029	344,516	421,342	481,445	486,639	109,521	114,444	139,774	486,368	511,969
<b>Total Expenses</b>	<b>887,925</b>	<b>1,067,806</b>	<b>1,560,592</b>	<b>1,698,623</b>	<b>2,025,767</b>	<b>3,015,461</b>	<b>473,805</b>	<b>621,316</b>	<b>683,573</b>	<b>2,173,278</b>	<b>3,077,718</b>
<b>Economic Income (Loss)</b>	<b>\$ (1,330,018)</b>	<b>\$ 723,763</b>	<b>\$ 1,580,770</b>	<b>\$ 1,584,971</b>	<b>\$ 2,041,007</b>	<b>\$ 3,596,039</b>	<b>\$ 500,268</b>	<b>\$ 638,337</b>	<b>\$ 825,246</b>	<b>\$ 2,179,076</b>	<b>\$ 3,782,948</b>

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

(2) Primarily placement fees.

## First Quarter 2014 Segments

(Dollars in Thousands)	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Financial Advisory	Total
<b>Revenues</b>						
Management and Advisory Fees, Net						
Base Management Fees	\$ 98,584	\$ 159,336	\$ 113,384	\$ 105,574	\$ -	\$ 476,878
Advisory Fees	-	-	-	-	69,963	69,963
Transaction and Other Fees, Net <sup>(1)</sup>	42,847	13,564	93	3,344	62	59,910
Management Fee Offsets <sup>(2)</sup>	(1,713)	(9,224)	(1,455)	(4,252)	-	(16,644)
<b>Total Management and Advisory Fees, Net</b>	<b>139,718</b>	<b>163,676</b>	<b>112,022</b>	<b>104,666</b>	<b>70,025</b>	<b>590,107</b>
Performance Fees						
Realized Carried Interest	119,805	194,658	-	19,160	-	333,623
Realized Incentive Fees	-	(26)	39,845	14,018	-	53,837
Unrealized Carried Interest	167,065	140,237	-	22,986	-	330,288
Unrealized Incentive Fees	-	2,737	18,085	40,444	-	61,266
<b>Total Performance Fees</b>	<b>286,870</b>	<b>337,606</b>	<b>57,930</b>	<b>96,608</b>	<b>-</b>	<b>779,014</b>
Investment Income (Loss)						
Realized	60,535	31,357	16,820	3,071	134	111,917
Unrealized	(9,033)	5,379	4,431	3,079	694	4,550
<b>Total Investment Income</b>	<b>51,502</b>	<b>36,736</b>	<b>21,251</b>	<b>6,150</b>	<b>828</b>	<b>116,467</b>
Interest Income and Dividend Revenue	5,228	6,110	2,661	5,861	2,502	22,362
Other	864	317	122	(259)	(175)	869
<b>Total Revenues</b>	<b>484,182</b>	<b>544,445</b>	<b>193,986</b>	<b>213,026</b>	<b>73,180</b>	<b>1,508,819</b>
<b>Expenses</b>						
Compensation						
Performance Fee Compensation	73,307	80,233	40,571	50,752	61,682	306,545
Realized Carried Interest						
Realized Incentive Fees	85,771	51,833	-	11,794	-	149,398
Unrealized Carried Interest	-	(16)	13,271	10,380	-	23,635
Unrealized Incentive Fees	(27,148)	56,985	-	10,853	-	40,690
Unrealized Incentive Fees	-	1,382	6,761	15,388	-	23,531
<b>Total Compensation and Benefits</b>	<b>131,930</b>	<b>190,417</b>	<b>60,603</b>	<b>99,167</b>	<b>61,682</b>	<b>543,799</b>
Other Operating Expenses						
Other Operating Expenses	33,006	33,107	19,480	32,839	21,342	139,774
<b>Total Expenses</b>	<b>164,936</b>	<b>223,524</b>	<b>80,083</b>	<b>132,006</b>	<b>83,024</b>	<b>683,573</b>
<b>Economic Income (Loss)</b>	<b>\$ 319,246</b>	<b>\$ 320,921</b>	<b>\$ 113,903</b>	<b>\$ 81,020</b>	<b>\$ (9,844)</b>	<b>\$ 825,246</b>

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

(2) Primarily placement fees.

## Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	2008	2009	2010	2011	2012	2013	1Q'12	1Q'13	1Q'14	1Q'13 LTM	1Q'14 LTM
<b>Net Income (Loss) Attributable to The Blackstone Group L.P.</b>	<b>\$ (1,163,032)</b>	<b>\$ (715,291)</b>	<b>\$ (370,028)</b>	<b>\$ (168,303)</b>	<b>\$ 218,598</b>	<b>\$ 1,171,202</b>	<b>\$ 58,325</b>	<b>\$ 167,635</b>	<b>\$ 265,617</b>	<b>\$ 327,908</b>	<b>\$ 1,269,184</b>
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	(3,638,799)	(1,792,174)	(668,444)	(83,234)	407,727	1,339,845	107,405	207,090	299,505	507,412	1,432,260
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	(159,828)	(14,328)	343,498	7,953	99,959	198,557	197,643	(9,452)	43,961	(107,136)	251,970
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(632,495)	131,097	87,651	(24,869)	103,598	183,315	54,259	62,316	45,792	111,655	166,791
<b>Net Income (Loss)</b>	<b>\$(5,594,154)</b>	<b>\$(2,390,696)</b>	<b>\$(607,323)</b>	<b>\$(268,453)</b>	<b>\$ 829,882</b>	<b>\$ 2,892,919</b>	<b>\$ 417,632</b>	<b>\$ 427,589</b>	<b>\$ 654,875</b>	<b>\$ 839,839</b>	<b>\$ 3,120,205</b>
Provision (Benefit) for Taxes	(14,145)	99,230	84,669	345,711	185,023	255,642	38,753	50,993	54,097	197,263	258,746
<b>Income (Loss) Before Provision (Benefit) for Taxes</b>	<b>\$(5,608,299)</b>	<b>\$(2,291,466)</b>	<b>\$(522,654)</b>	<b>\$ 77,258</b>	<b>\$ 1,014,905</b>	<b>\$ 3,148,561</b>	<b>\$ 456,385</b>	<b>\$ 478,582</b>	<b>\$ 708,972</b>	<b>\$ 1,037,102</b>	<b>\$ 3,378,951</b>
IPO and Acquisition-Related Charges <sup>(1)</sup>	3,331,722	2,973,950	2,369,195	1,269,932	1,079,511	722,707	244,897	186,962	177,024	1,021,576	712,769
Amortization of Intangibles <sup>(2)</sup>	153,237	158,048	165,378	220,865	150,148	106,643	50,888	25,657	29,003	124,917	109,989
Other Adjustments	999	-	-	-	-	-	-	-	-	-	-
(Income) Loss Associated with Non-Controlling Interests in (Income) Loss of Consolidated Entities <sup>(3)</sup>	792,323	(116,769)	(431,149)	16,916	(203,557)	(381,872)	(251,902)	(52,864)	(89,753)	(4,519)	(418,761)
<b>Economic Income (Loss)</b>	<b>\$(1,330,018)</b>	<b>\$ 723,763</b>	<b>\$ 1,580,770</b>	<b>\$ 1,584,971</b>	<b>\$ 2,041,007</b>	<b>\$ 3,596,039</b>	<b>\$ 500,268</b>	<b>\$ 638,337</b>	<b>\$ 825,246</b>	<b>\$ 2,179,076</b>	<b>\$ 3,782,948</b>
Taxes <sup>(4)</sup>	(43,457)	(51,086)	(28,932)	(45,763)	(45,708)	(82,164)	(9,051)	(10,031)	(11,312)	(46,688)	(83,445)
<b>Economic Net Income (Loss)</b>	<b>\$(1,373,475)</b>	<b>\$ 672,677</b>	<b>\$ 1,551,838</b>	<b>\$ 1,539,208</b>	<b>\$ 1,995,299</b>	<b>\$ 3,513,875</b>	<b>\$ 491,217</b>	<b>\$ 628,306</b>	<b>\$ 813,934</b>	<b>\$ 2,132,388</b>	<b>\$ 3,699,503</b>
Taxes <sup>(4)</sup>	43,457	51,086	28,932	45,763	45,708	82,164	9,051	10,031	11,312	46,688	83,445
Performance Fee Adjustment <sup>(5)</sup>	1,247,249	(240,131)	(926,289)	(1,174,526)	(1,593,765)	(3,556,373)	(385,756)	(603,999)	(779,014)	(1,812,008)	(3,731,388)
Investment (Income) Loss Adjustment <sup>(6)</sup>	756,611	(33,424)	(548,549)	(185,264)	(286,244)	(687,805)	(83,406)	(134,771)	(116,467)	(337,609)	(669,501)
Investment Income - Blackstone's Treasury											
Cash Management Strategies <sup>(7)</sup>	-	12,367	15,277	4,600	25,769	(19,574)	6,310	(1,729)	7,810	17,730	(10,035)
Performance Fee Compensation and Benefits Adjustment <sup>(8)</sup>	(202,717)	(1,079)	356,962	316,712	513,546	1,413,182	109,512	239,895	237,254	643,929	1,410,541
<b>Fee Related Earnings</b>	<b>\$ 471,125</b>	<b>\$ 461,496</b>	<b>\$ 478,171</b>	<b>\$ 546,493</b>	<b>\$ 700,313</b>	<b>\$ 745,469</b>	<b>\$ 146,928</b>	<b>\$ 137,733</b>	<b>\$ 174,829</b>	<b>\$ 691,118</b>	<b>\$ 782,565</b>
Realized Performance Fees <sup>(9)</sup>	34,016	49,160	233,347	128,409	392,411	960,175	6,649	218,952	214,427	604,714	955,650
Realized Investment Income (Loss) <sup>(10)</sup>	(64,677)	29,544	46,915	102,575	95,398	170,471	23,492	38,110	111,917	110,016	244,278
Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(11)</sup>	-	(10,142)	(7,782)	(6,057)	(21,872)	13,194	(5,897)	(3,820)	(1,344)	(19,795)	15,670
Taxes and Related Payables Including											
Payable Under Tax Receivable Agreement <sup>(12)</sup>	(43,457)	(51,086)	(48,867)	(74,696)	(132,325)	(156,734)	(9,051)	(12,148)	(31,054)	(135,422)	(175,640)
Equity Based Compensation <sup>(13)</sup>	64,288	66,789	68,900	84,626	90,040	130,124	7,846	12,085	16,337	94,279	134,376
<b>Distributable Earnings</b>	<b>\$ 461,295</b>	<b>\$ 545,761</b>	<b>\$ 770,684</b>	<b>\$ 781,350</b>	<b>\$ 1,123,965</b>	<b>\$ 1,862,699</b>	<b>\$ 169,967</b>	<b>\$ 390,912</b>	<b>\$ 485,112</b>	<b>\$ 1,344,910</b>	<b>\$ 1,956,899</b>
Interest Expense	19,992	10,238	36,666	53,201	69,152	103,904	13,554	26,069	30,398	81,667	108,233
Taxes and Related Payables Including											
Payable Under Tax Receivable Agreement <sup>(12)</sup>	43,457	51,086	48,867	74,696	132,325	156,734	9,051	12,148	31,054	135,422	175,640
Depreciation and Amortization	19,639	23,750	26,629	32,764	42,235	35,441	10,268	8,643	10,373	40,610	37,171
<b>Adjusted EBITDA</b>	<b>\$ 544,383</b>	<b>\$ 630,835</b>	<b>\$ 882,846</b>	<b>\$ 942,011</b>	<b>\$ 1,367,677</b>	<b>\$ 2,158,778</b>	<b>\$ 202,840</b>	<b>\$ 437,772</b>	<b>\$ 556,937</b>	<b>\$ 1,602,609</b>	<b>\$ 2,277,943</b>

Notes on next page.

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

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Note: See Appendix - Definitions.

- (1) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for Transaction-Related Charges which include principally equity-based compensation charges associated with Blackstone's initial public offering and long-term retention programs outside of annual deferred compensation and other corporate actions.
- (2) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for the Amortization of Intangibles which are associated with Blackstone's initial public offering and other corporate actions.
- (3) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes the amount of (Income) Loss Associated with Non-Controlling Interests of Consolidated Entities and includes the amount of Management Fee Revenues associated with Consolidated CLO Entities.
- (4) Taxes represent the current tax provision (benefit) calculated on Income (Loss) Before Provision (Benefit) for Taxes.
- (5) This adjustment removes from Economic Income the total segment amount of Performance Fees.
- (6) This adjustment removes from Economic Income the total segment amount of Investment Income (Loss).
- (7) This adjustment represents the realized and unrealized gain on Blackstone's Treasury Cash Management Strategies which are a component of Investment Income (Loss) but included in Fee Related Earnings.
- (8) This adjustment removes from expenses the compensation and benefit amounts related to Blackstone's profit sharing plans related to Performance Fees.
- (9) Represents the adjustment for realized Performance Fees net of corresponding actual amounts due under Blackstone's profit sharing plans related thereto.
- (10) Represents the adjustment for Blackstone's Investment Income (Loss) - Realized.
- (11) Represents the elimination of Realized Investment Income (Loss) attributable to Blackstone's Treasury Cash Management Strategies which is a component of both Fee Related Earnings and Realized Investment Income (Loss).
- (12) Taxes and Related Payables Including Payable Under Tax Receivable Agreement represent the current tax provision (benefit) calculated on Income (Loss) Before Provision (Benefit) for Taxes and the Payable Under Tax Receivable Agreement.
- (13) Represents equity-based award expense included in Economic Income.

## Earnings Composition – Calculation of Net Realizations and Net Unrealized

(Dollars in Thousands)	2010	2011	2012	2013	1Q'13	1Q'14	1Q'14 LTM
Realized Incentive Fees	\$ 116,700	\$ 89,029	\$ 301,464	\$ 474,333	\$ 24,727	\$ 53,837	\$ 503,443
Less: Realized Incentive Fee Compensation	(57,600)	(55,912)	(140,042)	(200,915)	(10,508)	(23,635)	(214,042)
<b>Net Realized Incentive Fees</b>	<b>59,100</b>	<b>33,117</b>	<b>161,422</b>	<b>273,418</b>	<b>14,219</b>	<b>30,202</b>	<b>289,401</b>
Realized Carried Interest	244,963	138,907	327,422	943,958	294,170	333,623	983,411
Less: Realized Carried Interest Compensation	(70,716)	(43,615)	(96,433)	(257,201)	(89,437)	(149,398)	(317,162)
<b>Net Realized Carried Interest</b>	<b>174,247</b>	<b>95,292</b>	<b>230,989</b>	<b>686,757</b>	<b>204,733</b>	<b>184,225</b>	<b>666,249</b>
Realized Investment Income	46,915	102,575	95,398	170,471	38,110	111,917	244,278
Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(1)</sup>	(7,782)	(6,057)	(21,872)	13,194	(3,820)	(1,344)	15,670
<b>Net Realized Investment Income</b>	<b>39,133</b>	<b>96,518</b>	<b>73,526</b>	<b>183,665</b>	<b>34,290</b>	<b>110,573</b>	<b>259,948</b>
<b>Net Realizations</b>	<b>\$ 272,480</b>	<b>\$ 224,927</b>	<b>\$ 465,937</b>	<b>\$ 1,143,840</b>	<b>\$ 253,242</b>	<b>\$ 325,000</b>	<b>\$ 1,215,598</b>
Unrealized Incentive Fees	\$ 107,624	\$ (24,928)	\$ (29,311)	\$ (19,928)	\$ 107,755	\$ 61,266	\$ (66,417)
Less: Unrealized Incentive Fee Compensation	(63,306)	20,759	44,528	11,651	(44,478)	(23,531)	32,598
<b>Net Unrealized Incentive Fees</b>	<b>44,318</b>	<b>(4,169)</b>	<b>15,217</b>	<b>(8,277)</b>	<b>63,277</b>	<b>37,735</b>	<b>(33,819)</b>
Unrealized Carried Interest	457,002	971,518	994,190	2,158,010	177,347	330,288	2,310,951
Less: Unrealized Carried Interest Compensation	(165,340)	(237,944)	(321,599)	(966,717)	(95,472)	(40,690)	(911,935)
<b>Net Unrealized Carried Interest</b>	<b>291,662</b>	<b>733,574</b>	<b>672,591</b>	<b>1,191,293</b>	<b>81,875</b>	<b>289,598</b>	<b>1,399,016</b>
Unrealized Investment Income	501,634	82,689	190,846	517,334	96,661	4,550	425,223
Less: Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(1)</sup>	(15,277)	(4,600)	(25,769)	19,574	1,729	(7,810)	10,035
Less: Adjustment Related to Realized Investment Income - Blackstone's Treasury Cash Management Strategies <sup>(1)</sup>	7,782	6,057	21,872	(13,194)	3,820	1,344	(15,670)
<b>Net Unrealized Investment Income (Loss)</b>	<b>494,139</b>	<b>84,146</b>	<b>186,949</b>	<b>523,714</b>	<b>102,210</b>	<b>(1,916)</b>	<b>419,588</b>
<b>Net Unrealized</b>	<b>\$ 830,119</b>	<b>\$ 813,551</b>	<b>\$ 874,757</b>	<b>\$ 1,706,730</b>	<b>\$ 247,362</b>	<b>\$ 325,417</b>	<b>\$ 1,784,785</b>

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

(1) See Appendix – Reconciliation of GAAP to Non-GAAP Measures and the related notes for these adjustments.



## Definitions

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

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