

## **THE BLACKSTONE GROUP L.P. GOVERNANCE POLICY**

The Board of Directors (the “Board of Directors”) of Blackstone Group Management L.L.C. (the “General Partner”), the general partner of The Blackstone Group L.P. (the “Partnership”), is governed by the following general principles:

1. Open communication between the Board of Directors and management is crucial to the Partnership’s long-term success. Management is responsible for creating, developing and implementing the strategy of the Partnership. The Board of Directors is responsible for reviewing the strategy and guiding its implementation in the context of the overall scope of the business and the interests of its unitholders. Management is responsible for operating the Partnership in an effective and ethical manner in order to produce long-term value for unitholders. Senior management and the Board of Directors are expected to know how the Partnership earns its income and what risks the Partnership is undertaking in the course of carrying out its business.

2. Management is responsible, under the oversight of the Board of Directors and its Audit Committee, for producing financial statements that fairly present the financial condition and results of operations of the Partnership, and for making the timely, understandable and complete disclosures that unitholders and prospective investors need to assess the business and risks of the Partnership.

Based on the preceding principles, the Board of Directors has adopted the following governance policies:

### **Section 1. The Board of Directors’ Responsibilities and Duties.**

In addition to its general responsibility to oversee management, the Board of Directors is also responsible for performing a number of specific functions.

1.1 It is the Board of Directors’ responsibility to review fundamental financial and business strategies and review and approve major actions by the Partnership.

1.2 It is the Board of Directors’ responsibility to monitor and oversee the Partnership’s financial position.

1.3 It is the Board of Directors’ responsibility to review the Partnership’s policies and compliance systems and to confirm that they are consistent with the objective that the Partnership and the officers and directors of the General Partner act legally, ethically and responsibly.

1.4 It is the Board of Directors’ responsibility to participate in Board of Directors meetings, review relevant materials in advance of meetings, serve on Committees of the Board of Directors and prepare for meetings and for discussions with management.

1.5 It is the Board of Directors’ responsibility to spend the time needed, and meet as frequently as necessary, to properly discharge its responsibilities.

1.6 It is the Board of Directors’ responsibility to understand the Partnership’s business, industry and primary risks.

## **Section 2. Board of Directors Composition and Compensation.**

2.1 The Amended and Restated Limited Liability Company Agreement dated June 18, 2007 (as the same may be amended from time to time, the “Limited Liability Company Agreement”) of the General Partner permits the Founding Members named therein (the “Founders”) to determine the number of directors that constitute the Board of Directors and to elect and remove the directors. Following the withdrawal, death or disability of all of the Founders (including any successor Founders that may be named), the power to elect and remove the directors of the General Partner will vest in the members of the General Partner holding a majority in interest in the General Partner.

### 2.2 Board of Directors Selection

(a) The Limited Liability Company Agreement vests the Founders with the power to elect and remove the directors of the General Partner.

(b) The following are the criteria for remaining a director:

(1) All non-executive directors are expected voluntarily to review and assess their own membership on the Board of Directors from time to time, taking into account length of service, age, qualifications and expertise relevant to the Partnership’s then current business.

(2) Because of the importance of knowledge of the Partnership and of continuity, the Board of Directors does not believe that in every instance that a director who retires or changes from the position he or she held when joining the Board of Directors should necessarily leave the Board of Directors upon retirement or such change of position. There should, however, be an opportunity for the Board of Directors to review the continued appropriateness of Board of Directors membership under these circumstances. As a result, every director must notify the Board of Directors of his or her retirement, any change in employer, any other significant change in professional roles and responsibilities and any actual or potential conflict of interest.

(3) The Board of Directors has not adopted term or age limits. While limits may promote fresh ideas and viewpoints, they may also result in the loss of the contribution of directors who have been able to develop, over a period of time, insight into the Partnership, the continuity of its strategy and its operations, culture and management and a working relationship with the other directors.

(4) If a director has a personal interest in a matter before the Board of Directors, the director shall disclose the interest to the full Board of Directors, shall recuse himself or herself from participation in the discussion and shall not vote on the matter.

(5) It is the policy of the Board of Directors that every director should seek the consent of the Board of Directors and confirm the absence of any actual or potential conflict, prior to accepting any invitation to serve on another corporate board or with a government or advisory group.

### 2.3 Board of Directors Compensation

The executive directors will not receive any compensation for their role as such. The non-executive directors’ compensation will be determined by the Board of Directors. The compensation of such directors should fairly reward them for their efforts on behalf of the Partnership and should be structured to align their interests with the long-term interests of the Partnership’s unitholders. The Board of Directors may seek outside expertise to determine the appropriateness and competitiveness of its compensation.

### **Section 3. Categorical Standards for Director Independence.**

3.1 The Board of Directors determines each director's independence on an annual basis based on applicable regulatory and stock exchange requirements and these standards. The Board of Directors' determination, and the basis for such determination, shall, to the extent required, be disclosed in the Partnership's annual report on Form 10-K.

3.2 For purposes of these standards:

(a) "Executive Officer" means an "officer" within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended; and

(b) "Immediate Family" means a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares such person's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, or death or incapacitation.

3.3 An "independent" director shall be defined to mean a director who has none of the relationships with the Partnership set forth in section 3.4(a) below, and otherwise has no direct or indirect material relationship with the Partnership (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Partnership) that would interfere with the exercise of independent judgment by such director.

3.4 The Board of Directors, in its business judgment, will determine, based on all relevant facts and circumstances and in a manner consistent with the standards set forth below, whether a director has a relationship with the Partnership or its management that would interfere with such director's exercise of his or her independent judgment. The following standards shall be followed by the Board of Directors in determining director independence:

(a) Under any circumstances, a director is not independent if:

(1) the director is, or has been within the preceding three years, employed by the General Partner or the Partnership;

(2) an Immediate Family member of the director was employed as an Executive Officer of the General Partner or the Partnership within the preceding three years;

(3) the director, or an Immediate Family member of that director, received within the preceding three years more than \$120,000 in any twelve-month period in direct compensation from the Partnership, other than director and Committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

(4) the director is a current partner or employee of a firm that is the Partnership's internal or external auditor; the director has an Immediate Family member who is a current partner of such a firm; the director has an Immediate Family member who is a current employee of such a firm and personally works on the Partnership's audit; or the director or an Immediate Family member of that director was within the last three years a partner or employee of such a firm and personally worked on the Partnership's or a predecessor's audit within that time;

(5) the director or an Immediate Family member is, or has been within the preceding three years, employed as an Executive Officer of another company where any of the General Partner's

present Executive Officers at the same time serves or served on such other company's compensation committee; or

(6) the director is a current employee, or an Immediate Family member is a current Executive Officer, of a company that has made payments to, or received payments from, the Partnership for property or services in an amount which, in any of the preceding three fiscal years, exceeds the greater of \$1,000,000 or two percent (2%) of the consolidated gross revenues of the other company.

(b) The following commercial or charitable relationships will not be considered to be material relationships that would impair a director's independence:

(1) if the director or an Immediate Family member of that director serves as an Executive Officer, director or trustee of a charitable organization, and the Partnership's annual charitable contributions to that organization (excluding contributions by the Partnership under any established matching gift program) are less than the greater of \$1,000,000 or two percent (2%) of that organization's consolidated gross revenues in its most recent fiscal year; and

(2) if the director or an Immediate Family member of that director (or a company for which the director serves as a director or executive officer) invests in or alongside of one or more investment funds or investment companies managed by the Partnership or any of its Subsidiaries, whether or not fees or other incentive arrangements for the Partnership or its subsidiaries are borne by the investing person.

(c) For relationships not covered by the standards contained in section 3.4(b) above, the determination of whether or not the relationship is material, and therefore whether the director is independent, shall be made by the Board of Directors.

3.5 The Board of Directors may determine that a director who has a relationship that exceeds the limits described in section 3.4(b) above is nonetheless independent, so long as such relationship is not otherwise described in section 3.4(a) above. The basis for any such determination will, to the extent required, be explained in the Partnership's annual report on Form 10-K.

#### **Section 4. Committees of the Board of Directors.**

4.1 The Board of Directors has established the following Committees to assist it in discharging its responsibilities: (i) Audit; (ii) Conflicts; and (iii) Executive. The current charter of the Audit Committee is published on the Partnership's website. The Committee chair shall report the highlights of its meetings to the full Board of Directors following each meeting of the Committee. The Committee may hold meetings in conjunction with meetings of the full Board of Directors. The Audit and Conflicts Committees are comprised solely of independent directors in accordance with all applicable regulatory and stock exchange requirements.

#### **Section 5. The Relationship of the Board of Directors to Management.**

5.1 To enhance open communication between the Board of Directors and management, the Board of Directors' policy is to periodically invite executives of the General Partner to attend Board of Directors meetings.

5.2 From time to time, the Board of Directors, each of its Committees and the Partnership may engage outside advisors to provide advice on specific issues. These advisors may also be invited to attend Board of Directors meetings. The Chief Legal Officer and the Partnership's independent registered

public accounting firm have open invitations to attend Board of Directors meetings. The Board of Directors and each of its Committees may also *exclude* from its meetings any persons it deems appropriate in order to carry out its responsibilities.

5.3 The Board of Directors will meet in executive session regularly. The directors who meet the independence standards of the New York Stock Exchange shall also meet in executive session at least once a year. The non-executive directors will also regularly meet without management. The non-executive directors shall establish and publicly disclose in the Partnership's annual report on Form 10-K the procedure by which a presiding director is selected for each executive session.

5.4 Members of the Board of Directors will have complete access to the Partnership's management, and members will exercise judgment to ensure that contact with management is not distracting to the business operation of the Partnership. The Board of Directors and each of its Committees shall have the right at any time to select, retain, terminate and approve the fees and other retention terms of outside financial, legal or other advisors.

5.5 In performing its functions the Board of Directors will be entitled to rely on reports and opinions of management, counsel, accountants, auditors and other advisors. Except as otherwise provided in a charter of a Committee, the Board of Directors shall have the authority to select, retain, terminate and approve the fees and other terms of retention of outside advisors.

#### **Section 6. Management Succession.**

6.1 The Chairman and Chief Executive Officer will review periodically with the Board of Directors management succession planning and development.

#### **Section 7. Director Orientation and Continuing Education.**

7.1 New directors will be provided with appropriate orientation programs to assist them in fulfilling their responsibilities.

#### **Section 8. Communicating with the Board of Directors.**

8.1 Unitholders interested in communicating directly with the Board of Directors, non-management directors or an individual director may do so by writing to the Chief Legal Officer, The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154, attention: the Board of Directors, non-management directors or the name of the individual director, as applicable. Communications are distributed to the Board of Directors, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board of Directors has requested that certain items that are unrelated to its duties and responsibilities should be excluded, such as:

- spam;
- junk mail and mass mailings;
- resumes and other forms of job inquiries;
- surveys; and
- business solicitations or advertisements.

In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded, with the provision that any communication that is filtered out must be made available to any non-management director upon request. Any concerns relating to accounting, internal controls or auditing matters will be brought to the attention of the Audit Committee.

**Section 9. Communication with Outside Parties.**

9.1 It is generally the responsibility of management to speak for the Partnership in communications with outside parties, including analysts, members of the press, advisors and industry associates. Non-executive directors should only engage in such communications at the request of management.

**Section 10. Confidentiality of Proceedings and Deliberations.**

10.1 The proceedings and deliberations of the Board of Directors and Committees of the Board of Directors shall be confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

**Section 11. Performance Evaluation.**

11.1 The Board of Directors should conduct an annual evaluation to determine whether it and each of its Committees are functioning effectively and to determine opportunities for their improvement.