Cohen Craig P
Form 4
February 08, 2008

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Cohen Craig P

(Last) (First) (Middle)

LACROSSE FOOTWEAR, INC., 17634 NE AIRPORT WAY

(Street)

PORTLAND, OR 97230

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
LACROSSE FOOTWEAR INC [BOOT]

3. Date of Earliest Transaction (Month/Day/Year)
02/07/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP Demand Suppl. Planning

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/07/2008		M		794	A	$ 3.4	794	D	
Common Stock	02/07/2008		M		800	A	$ 2.58	1,594	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Incentive Stock Option (right-to-buy)	$ 3.4	02/07/2008		M			794	(1)	01/02/2009	Common Stock	794
Nonqualified Stock Option (right-to-buy)	$ 2.58	02/07/2008		M			800	(2)	01/02/2009	Common Stock	800

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Cohen Craig P LACROSSE FOOTWEAR, INC. 17634 NE AIRPORT WAY PORTLAND, OR 97230			VP Demand Suppl. Planning	

Signatures

/s/ James D. Fontaine, Attorney-in-fact for Craig P. Cohen	02/08/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Option becomes exercisable as to 20% on January 2, 2003, 2004, 2005, 2006 and 2007, respectively.

(2) Option becomes exercisable as to 20% increments on January 2, 2004, 2005, 2006, 2007 and 2008, respectively.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Economic Net Income

$67,572	$67,679	$140,667	$95,021

The environment for the financial advisory business remained favorable during the second quarter of 2007. Strong global equity markets coupled with managements and boards of directors increasing their focus on shareholder value creation contributed to an increase in mergers and acquisitions and strategic initiatives. During the periods presented, considerable capital flows to the alternative investment sector led to the commencement, and the subsequent growth, of our fund placement business. The market for restructuring and reorganization advisory services activity continued to experience weakness as a result of the low level of bankruptcies and high level of liquidity in credit markets.

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Three Months Ended June 30, 2007 Compared to Three Months Ended June 30, 2006

Revenues

Revenues were $98.6 million for the three months ended June 30, 2007, an increase of $14.8 million or 17.7% versus the three months ended June 30, 2006. The increase was primarily due to an increase of $4.3 million in fees from our fund placement business, and an increase of $18.3 million in fees from our mergers and acquisitions advisory services business, partially offset by an $8.1 million decrease in fees generated by our restructuring and reorganization advisory services business.

Expenses

Expenses were $31.0 million for the three months ended June 30, 2007, an increase of $14.9 million or 92.7% versus the three months ended June 30, 2006. The increase was primarily due to an increase in compensation and benefits expense of $10.9 million, primarily due to personnel additions in our fund placement and mergers and acquisitions businesses. In addition, operating expenses increased $4.0 million, primarily due to an increase in support service fees for our London-based fund placement business of $2.5 million and professional fees of $1.0 million.

Six Months Ended June 30, 2007 Compared to Six Months Ended June 30, 2006

Revenues

Revenues were $192.8 million for the six months ended June 30, 2007, an increase of $70.0 million or 57.0% versus the six months ended June 30, 2006. The increase was due to an increase of $31.2 million in fees from our mergers and acquisitions advisory services business, and an increase of $45.9 million in fees from our fund placement business, partially offset by a $8.5 million decrease in fees generated by our restructuring and reorganization advisory services business.

Expenses

Expenses were $52.1 million for the six months ended June 30, 2007, an increase of $24.3 million or 87.6% versus the six months ended June 30, 2006. The increase was primarily due to an increase in compensation and benefits expense of $17.2 million, primarily due to personnel additions in our fund placement and mergers and acquisitions businesses. In addition, operating expenses increased $7.1 million, primarily due to an increase in support service fees for our London-based fund placement business of $4.0 million, professional fees of $1.1 million, business development expenses of $1.2 million and interest expense of $1.1 million.

Liquidity and Capital Resources

Historical Liquidity and Capital Resources

On a historical basis we have drawn on the capital resources of our existing owners together with the committed capital from our Limited Partners in order to fund the investment requirements of the Blackstone funds. In addition, we require capital resources to support the working capital needs of our businesses as well as to fund growth and investments in new business initiatives. We have multiple sources of liquidity to meet these capital needs, including accumulated earnings in the businesses as well as access to the committed credit facilities described in Note 5 to the condensed consolidated and combined financial statements.

Our historical condensed consolidated and combined statements of cash flows reflect the cash flows of the Blackstone operating businesses as well as those of our consolidated Blackstone funds. The assets of the consolidated Blackstone funds, on a gross basis, are much larger than the assets of our operating businesses and therefore have a substantial effect on the reported cash flows reflected in our statement of cash flows. As stated above in Combined Results of Operations, our assets under management, which are primarily representative of the net assets within the Blackstone funds, have grown significantly during the periods reflected in our condensed consolidated and combined financial statements. This growth is a result of these funds raising and investing capital, and generating gains from investments, during these periods. Their cash flows, which were historically reflected in our combined statement of cash flows, increased substantially as a result of this growth. More specifically, the primary cash flow activities of the consolidated Blackstone funds have historically been in (1) raising capital from their investors, which have historically

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been reflected as non-controlling interests of consolidated entities in our condensed consolidated and combined financial statements, (2) using this capital to make investments, (3) financing certain investments with debt, (4) generating cash flow from operations through the realization of investments and (5) distributing cash flow to investors. The Blackstone funds are treated as investment companies for accounting purposes and therefore these amounts are included in cash flows from operations. As described above in Consolidation and Deconsolidation of Blackstone Funds, concurrently with the Reorganization, the Contributing Businesses that act as the general partners of a majority of the consolidated funds took steps to grant certain rights to their relevant unaffiliated investors. The granting of such rights results in the deconsolidation of such investment funds from the Partnership s condensed consolidated and combined financial statements. For all Blackstone Funds where these rights were granted, with the exception of the funds of hedge funds, these rights became effective June 27, 2007. The effective date of these rights related to the applicable funds of hedge funds was July 1, 2007. Once these rights became effective, Blackstone s interests in these funds were deconsolidated and accounted for under the equity method of accounting, including for the cash flows of such Blackstone funds. As permitted by GAAP, the change from consolidation to equity method accounting has been retroactively presented as if these rights had been granted effective January 1, 2007.

We have managed our historical liquidity and capital requirements by focusing on our deconsolidated cash flows. Our primary cash flow activities on the basis of deconsolidating the Blackstone funds are (1) generating cash flow from operations, (2) funding general partner capital commitments to Blackstone funds (which cash flows are eliminated in consolidation), (3) generating income from investment activities, (4) funding capital expenditures, (5) funding new business initiatives, (6) borrowings and repayments under credit agreements and (7) distributing cash flow to owners. Cash distributed to unitholders may be provided through distributions received from Blackstone funds or through borrowings from existing credit facilities described in Note 5 to the condensed consolidated and combined financial statements.

We have managed the historical liquidity and capital requirements of Blackstone Group by focusing on our cash flows before the consolidation of the Blackstone funds and the effect of normal changes in assets and liabilities which we anticipate will be settled for cash within one year. Normal movements in our short-term assets and liabilities do not affect our distribution decisions given our current and historically available borrowing capability. We use adjusted cash flow from operations as a supplemental non-GAAP measure to assess liquidity and amounts available for distribution to our existing owners. See Cash Distribution Policy . As noted above, in accordance with GAAP, certain of the Blackstone funds are consolidated into the condensed consolidated and combined financial statements of Blackstone Group, notwithstanding the fact that Blackstone Group has only a minority economic interest in these funds. Consequently, Blackstone Group s condensed consolidated and combined financial statements reflect the cash flow of the consolidated Blackstone funds on a gross basis rather than the cash flow attributable to Blackstone. Adjusted cash flow from operations is therefore intended to reflect the cash flow attributable to Blackstone and is equal to cash flow from operations presented in accordance with GAAP, adjusted for cash flows relating to changes in operating assets and liabilities, Blackstone funds-related investment activity, net realized gains on investments, non-controlling interests in income of consolidated entities and other non-cash adjustments. We believe that adjusted cash flow from operations provides investors with useful information on the cash flows of Blackstone Group relating to our required capital investments and our ability to make annual cash distributions. However, adjusted cash flow from operations should not be considered in isolation or as alternative to cash flow from operations presented in accordance with GAAP.

Following is a reconciliation of Net Cash Provided By (Used In) Operating Activities presented on a GAAP basis to Adjusted Cash Flow from Operations:

	Six Months Ended June 30,	
	2007	2006
	(Dollars in Thousands)	
Cash Flow Provided By (Used In) Operating Activities	$ 671,220	$ (94,587)
Changes in operating assets and liabilities	(564,468)	(6,025)
Blackstone funds related investment activities	412,379	434,854
Net realized gains on investments	1,178,043	3,368,904
Non-controlling interests in income of consolidated entities	(38,830)	(2,649,017)
Other non-cash adjustments	(4,775)	25,084
Adjusted Cash Flow from Operations	$ 1,653,569	$ 1,079,213

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Operating Activities

Our net cash flow provided by (used in) operating activities was $671.2 million and $(94.6) million during the six months ended June 30, 2007 and June 30, 2006. These amounts primarily include (1) net purchases of investments by consolidated Blackstone funds, after proceeds from sales of investments, of $412.4 million and $434.9 million during those periods, respectively, (2) net realized gains on investments of the Blackstone funds of, $1.2 billion, and $3.4 billion during those periods, respectively, and (3) non-controlling interests in income of consolidated entities of $(38.8) million and $(2.6) billion during those periods, respectively. These amounts also represent the significant variances between net income and cash flows from operations and are reflected as operating activities pursuant to investment company accounting. The increasing working capital needs reflect the growth of our business while the fund-related activities requirements vary based upon the specific investment activities being conducted at a point in time. These movements do not adversely impact our liquidity or earnings trends because we currently have, and anticipate having, access to available borrowing capability.

Investing Activities

Our net cash flow (used in) investing activities was $(37.8) million and $(3.5) million for the six months ended June 30, 2007 and June 30, 2006. Our investing activities included the purchases of furniture, equipment and leasehold improvements.

Financing Activities

Our net cash provided by financing activities was $670.5 million and $75.7 million during the six months ended June 30, 2007 and June 30, 2006. Our financing activities primarily include (1) contributions made by, net of distributions made to, the investors in our consolidated Blackstone funds, historically reflected as non-controlling interests in consolidated entities, of $(225.5) million and $632.9 million during those periods, respectively, (2) meeting the financing needs of Blackstone through the net (repayment) draws on our credit facilities of $(397.9) million and $470.4 million during those periods, respectively, (3) making distributions to, net of contributions by, our predecessor owners of $(1.6) billion and $(1.0) billion during those periods, respectively, (4) receiving $7.5 billion in cash proceeds from the issuance of units in our IPO during the six months ended June 30, 2007 (see Significant Transactions Initial Public Offering), and (5) the purchase of interests from our predecessor owners of $(4.6) billion for the six months ended June 30, 2007 (see Significant Transactions Reorganization ; Significant Transactions Initial Public Offering).

Our Future Sources of Cash and Liquidity Needs

We expect that our primary liquidity needs will be cash to (1) provide capital to facilitate the growth of our existing asset management and financial advisory businesses, including through funding a portion of our general partner commitments to and optional side-by-side investments alongside our carry funds, (2) provide capital to facilitate our expansion into new businesses that are complementary to our existing asset management and financial advisory businesses and that can benefit from being affiliated with us, (3) pay operating expenses, including cash compensation to our employees, (4) fund capital expenditures, (5) repay borrowings and related interest costs, (6) pay income taxes and (7) make distributions to our unitholders and the holders of Blackstone Holdings partnership units in accordance with our distribution policy. In addition, our own capital commitments to our funds and funds we invest in as of June 30, 2007, consisted of the following:

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Fund	Original Commitment	Remaining Commitment
	(Dollars in Thousands)	
Corporate Private Equity and Related Funds		
BCP V	$ 629,356	$ 503,297
BCP IV	150,000	41,072
BCOM	50,000	6,604
India Infrastructure	62,500	62,500
Real Estate Funds		
BREP VI	648,489	617,858
BREP V	52,545	11,918
BREP International II	26,950	17,845
BREP IV	50,000	5,147
BREP International	20,000	3,901
Marketable Alternative Asset Management		
BMEZZ II	17,692	12,790
BMEZZ	41,000	2,609
Strategic Alliance	50,000	47,294
Total	$ 1,798,532	$ 1,332,835

Taking into account generally expected market conditions, we believe that the sources of liquidity described below will be sufficient to fund our working capital requirements.

We also receive cash from time to time from (1) cash generated from operations, (2) carried interest and incentive income realizations and (3) realizations on the investments that we make. We expect to use this cash to assist us in making cash distributions to our common unitholders on a quarterly basis in accordance with our distribution policy. Our ability to make cash distributions to our common unitholders will depend on a number of factors, including among others general economic and business conditions, our strategic plans and prospects, our business and investment opportunities, our financial condition and operating results, working capital requirements and anticipated cash needs, contractual restrictions and obligations, legal, tax and regulatory restrictions, restrictions and other implications on the payment of distributions by us to our common unitholders or by our subsidiaries to us and such other factors as our general partner may deem relevant. Cash distributed to unitholders may be provided through distributions from the entities that comprise our business or through borrowings from our existing or future credit facilities.

In the future, we may also issue additional common units and other securities to investors and our employees with the objective of increasing our available capital which would be used for purposes similar to those noted above.

From time to time in the future, we may also repurchase our common units in open market transactions, privately negotiated transactions or otherwise, at times and in quantities that we will determine in our sole discretion.

We intend to use leverage opportunistically and over time to create the most efficient capital structure for Blackstone and our public common unitholders. We do not anticipate approaching significant leverage levels over the next year or two since the net proceeds from the IPO and the sale of non-voting common units to the Beijing Wonderful Investments are expected to be our principal source of financing for our business during that period. However, our debt-to-equity ratio may increase substantially in the future. This strategy will expose us to the typical risks associated with the use of substantial leverage, including affecting the credit ratings that may be assigned to our debt by rating agencies. For a description of our credit facilities, see Note 5 in the condensed consolidated and combined financial statements.

Our corporate private equity funds, real estate opportunity funds and funds of hedge funds have not historically utilized substantial leverage at the fund level other than for short-term borrowings between the date of an investment and the receipt of capital from the investing fund s investors. Our corporate private equity funds and real estate opportunity funds make direct or indirect investments in companies that utilize leverage in their capital structure, including leverage incurred by the portfolio company resulting from the structuring of the fund s

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investment in the portfolio company. The degree of leverage employed varies among portfolio companies based on market conditions and the portfolio company s financial situation. Our corporate private equity funds and real estate opportunity funds do not monitor leverage employed by their portfolio companies in the aggregate. However, for companies under our funds control or over which our funds have significant influence, it is our policy to endeavor to cause the portfolio company to maintain appropriate controls over its liquidity and interest rate exposures.

Our mezzanine and hedge funds use leverage within the funds in order to obtain additional market exposure. The forms of leverage primarily employed are purchasing securities on margin or through other collateralized financing and the use of derivative instruments. Generally, gross leverage will be in the range of 150% to 250% of the fund s net asset value. The fair value of derivatives generally will encompass 0% to 15% of the fund s net asset value. Our mezzanine funds employ leverage in order to increase the funds returns on invested capital. The funds have typically employed leverage of between 0% and 50% of an investment s cost, depending on the nature of the asset acquired, with an overall target of borrowings equating to approximately 33% of the funds invested assets. Our distressed securities hedge fund does not typically borrow money other than for short-term cash needs. It typically holds both long securities and short securities. Gross investment leverage generally ranges from 90% to 130% based on net asset value, and net exposure is generally 60% to 100% based on net asset value. The fund generally holds 10% to 15% of net asset value in cash and typically is net long. The fund generally utilizes credit derivatives to buy credit protection. Our equity hedge fund generally employs gross leverage in the range of 150% to 250% of the fund s net asset value.

Critical Accounting Policies

We prepare our condensed consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States. In applying many of these accounting principles, we need to make assumptions, estimates and/or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and/or judgments, however, are often subjective. Our assumptions and our actual results may be affected negatively based on changing circumstances or changes in our analyses. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. We believe the following critical accounting policies could potentially produce materially different results if we were to change underlying assumptions, estimates and/or judgments. See the notes to our condensed consolidated and combined financial statements for a summary of our significant accounting policies.

Principles of Consolidation

Our policy is to combine, or consolidate, as appropriate, those entities in which we through our existing owners have control over significant operating, financial or investing decisions of the entity.

For Blackstone funds that are determined to be VIE s, we consolidate those entities where we absorb a majority of the expected losses or a majority of the expected residual returns, or both, of such entity pursuant to the requirements of FASB Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46), as revised. The evaluation of whether a fund is subject to the requirements of FIN 46 as a VIE and the determination of whether we should consolidate such VIE requires management s judgment. In addition, we consolidate those entities we control through a majority voting interest or otherwise, including those Blackstone funds in which the general partners are presumed to have control over them pursuant to Emerging Issues Task Force (EITF) Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* (EITF 04-5). The provisions under both FIN 46 and EITF 04-5 have been applied retrospectively to prior periods. All significant intercompany transactions and balances have been eliminated.

For operating entities over which we may exercise significant influence but which do not meet the requirements for consolidation, we use the equity method of accounting whereby we record our share of the underlying income or losses of these entities.

In those cases where our investment is less than 20% (3% in the case of partnership interests) and significant influence does not exist, such investments are carried at fair value.

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Revenue Recognition

Revenues consist of primarily management and advisory fees, performance fees and allocations and investment income and other revenues. Our revenue recognition policies are as follows:

(1) *Fund Management Fees*. Fund management fees are comprised of fees charged directly to funds, fund investors and fund portfolio companies (including management, transaction and monitoring fees). Such fees are based upon the contractual terms of investment advisory and related agreements and are recognized as earned over the specified contract period. Our investment advisory agreements generally require that the investment advisor share a portion of certain fees and expenses with the limited partners of the fund. These shared items (management fee reduction amounts) reduce the management fees received from the limited partners.

(2) *Advisory Fees.* Financial advisory fees consist of advisory retainer and transaction based fee arrangements related to mergers, acquisitions, restructurings, divestitures and fund placement services for alternative investment funds. Advisory retainer fees are recognized when services are rendered. Transaction fees are recognized when (i) there is evidence of an arrangement with a client, (ii) agreed upon services have been provided, (iii) fees are fixed or determinable and (iv) collection is reasonably assured. Fund placement services revenue is recognized as earned upon the acceptance by a fund of capital or capital commitments.

Performance Fees and Allocations. Performance fees and allocations represent the preferential allocations of profits (carried interest) which are a component of our general partnership interests in the corporate private equity, real estate and mezzanine funds. We are entitled to carried interest from an investment fund in the event investors in the fund achieve cumulative investment returns in excess of a specified rate. We record as revenue the amount that would be due to us pursuant to the fund agreements at each period end as if the fund agreements were terminated at that date. In certain performance fee arrangements related to hedge funds in our marketable alternative asset management segment, we are entitled to receive performance fees and allocations when the return on assets under management exceeds certain benchmark returns or other performance targets. In such arrangements, performance fees and allocations are accrued monthly or quarterly based on measuring account / fund performance to date versus the performance benchmark stated in the investment management agreement.

Investment Income. Blackstone and its consolidated funds generate realized and unrealized gains from underlying investments in corporate private equity, real estate and marketable alternative asset management funds. Net gains (losses) from our investment activities and resultant Investment Income reflect a combination of internal and external factors. The external factors affecting the net gains associated with our investing activities vary by asset class but are broadly driven by the market considerations discussed above. The key external measures that we monitor for purposes of deriving our investment income include: price/earnings ratios and earnings before interest, taxes, depreciation and amortization (EBITDA) multiples for benchmark public companies and comparable transactions and capitalization rates (cap rates) for real estate property investments. In addition, third-party hedge fund managers provide information regarding the valuation of hedge fund investments. These measures generally represent the relative value at which comparable entities have either been sold or at which they trade in the public marketplace. Other than the information from our hedge fund managers, we refer to these measures generally as exit multiples. Internal factors that are managed and monitored include a variety of cash flow and operating performance measures, most commonly EBITDA and net operating income.

Investments, at Fair Value

The Blackstone funds are, for GAAP purposes, investment companies under the AICPA Audit and Accounting Guide: *Investment Companies*. Such funds reflect their investments, including securities sold, not yet purchased, on the combined statements of financial condition at their estimated fair value, with unrealized gains and losses resulting from changes in fair value reflected as a component of other income in the combined statements of income. Fair value is the amount that would be received to sell the investments in an orderly transaction between market participants at the measurement date (i.e., the exit price). Additionally, these funds do not consolidate their majority-owned and controlled investments. We have retained the specialized accounting of the Blackstone funds pursuant to EITF Issue No. 85-12, *Retention of Specialized Accounting for Investments in Consolidation*.

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Effective January 1, 2007 we adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157), which among other things, requires enhanced disclosures about financial instruments carried at fair value. See Note 4 to the condensed consolidated and combined financial statements for the additional information about the level of market observability associated with investments carried at fair value.

The fair value of our investments, including securities sold, not yet purchased, are based on observable market prices when available. Such prices are based on the last sales price on the date of determination, or, if no sales occurred on such day, at the bid price at the close of business on such day and if sold short at the asked price at the close of business on such day. Futures and options contracts are valued based on closing market prices. Forward and swap contracts are valued based on market rates or prices obtained from recognized financial data service providers.

Direct investments in hedge funds (Investee Funds) are stated at fair value, based on the information provided by the Investee Funds management, which reflects our share of the fair value of the net assets of the investment fund.

We have valued our investments, in the absence of observable market prices, using the valuation methodologies described below applied on a consistent basis. For some investments little market activity may exist; management s determination of fair value is then based on the best information available in the circumstances, and may incorporate management s own assumptions and involves a significant degree of management s judgment.

Investments for which market prices are not observable are generally either private investments in the equity of operating companies or real estate properties or investments in funds managed by others. Fair values of private investments are determined by reference to public market or private transactions or valuations for comparable companies or assets in the relevant asset class when such amounts are available. Generally these valuations are derived by multiplying a key performance metric of the investee company or asset (e.g., EBITDA) by the relevant valuation multiple observed for comparable companies or transactions, adjusted by management for differences between the investment and the comparable referenced. Private investments may also be valued at cost for a period of time after an acquisition as the best indicator of fair value. If the fair value of private investments held cannot be valued by reference to observable valuation measures for comparable companies, then the primary analytical method used to estimate the fair value of such private investments is the discounted cash flow method. A sensitivity analysis is applied to the estimated future cash flows using various factors depending on the investment, including assumed growth rates (in cash flows), capitalization rates (for determining terminal values) and appropriate discount rates to determine a range of reasonable values. The valuation based on the inputs determined to be the most probable is used as the fair value of the investment.

The determination of fair value using these methodologies takes into consideration a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment.

After our adoption of SFAS 157, investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives. As required by SFAS 157, we do not adjust the quoted price for these investments, even in situations where we hold a large position and a sale could reasonably affect the quoted price.

Level II Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level III Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally

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include general and limited partnership interests in corporate private equity and real estate funds, funds of hedge funds, distressed debt and non-investment grade residual interests in securitizations and collateralized debt obligations.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and it considers factors specific to the investment.

Recent Accounting Pronouncements

In June 2006, the FASB issued Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 requires companies to recognize the tax benefits of uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. The tax benefit recognized is the largest amount of benefit that is greater than 50 percent likelihood of being realized upon ultimate settlement. The Partnership adopted FIN 48 as of January 1, 2007. The adoption of FIN 48 did not have a material impact on the Partnership s condensed consolidated and combined financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Partnership adopted SFAS No. 157 as of January 1, 2007. The adoption of SFAS No. 157 did not have a material impact on the Partnership s condensed consolidated and combined financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS No. 159). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value, with changes in fair value recognized in earnings. SFAS No. 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. The Partnership is currently evaluating the potential effect on the financial statements of adopting SFAS No. 159.

In May 2007, the FASB issued FASB Staff Position No. FIN 46(R)-7, *Application of FASB Interpretation No. 46(R) to Investment Companies* (FSP FIN 46(R)-7) which provides clarification on the applicability of FIN 46, as revised to the accounting for investments by entities that apply the accounting guidance in the AICPA Audit and Accounting Guide, *Investment Companies*. FSP FIN 46(R)-7 amends FIN 46, as revised to make permanent the temporary deferral of the application of FIN 46, as revised to entities within the scope of the guide under AICPA Statement of Position (SOP) No. 07-1, *Clarification of the Scope of the Audit and Accounting Guide* Investment Companies *and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies* (SOP 07-1). FSP FIN 46(R)-7 is effective upon adoption of SOP 07-1. The adoption of FSP FIN 46(R)-7 is not expected to have a material impact on the Partnership.

SOP 07-1, issued in June 2007, addresses whether the accounting principles of the AICPA Audit and Accounting Guide *Investment Companies* may be applied to an entity by clarifying the definition of an investment company and whether those accounting principles may be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting. SOP 07-1 is effective for fiscal years beginning on or after December 15, 2007 with earlier adoption encouraged. The adoption of SOP 07-1 is not expected to have a material impact on the Partnership.

In June 2007, the EITF reached consensus on Issue No. 06-11, *Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards* (EITF 06-11). EITF 06-11 requires that the tax benefit related to dividend equivalents paid on restricted stock units, which are expected to vest, be recorded as an increase to additional paid-in capital. EITF 06-11 is to be applied prospectively for tax benefits on dividends declared in fiscal years beginning after December 15, 2007, and the Partnership expects to adopt the provisions of EITF 06-11 beginning in the first quarter of 2008. The Partnership is currently evaluating the potential effect on the financial statements of adopting EITF 06-11.

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Off-Balance Sheet Arrangements

In the normal course of business, we engage in off-balance sheet arrangements, including establishing certain special purpose entities (SPEs), owning securities or interests in SPEs and providing investment and collateral management services to SPEs. There are two types of SPEs qualifying special purposes entities (QSPEs), which are entities whose permitted activities are limited to passively holding financial interests in distributing cash flows generated by the assets, and VIEs. Certain combined entities of the Blackstone funds transact regularly with VIEs which do not meet the QSPE criteria due to their permitted activities not being sufficiently limited or because the assets are not deemed qualifying financial instruments. Under FIN 46, we consolidate those VIEs where we absorb either a majority of the expected losses or residual returns (as defined) and are therefore considered the primary beneficiary. Our primary involvement with VIEs consists of collateralized debt obligations. For additional information about our involvement with VIEs, see Note 4, Investments Investment in Variable Interest Entities in the Notes to the condensed consolidated and combined financial statements.

In addition to VIEs, in the ordinary course of business certain combined entities of the Blackstone funds issue various guarantees to counterparties in connection with investments, debt, leasing and other transactions. See Note 10, Commitments and Contingencies in Notes to the condensed consolidated and combined financial statements for a discussion of guarantees.

Contractual Obligations, Commitments and Contingencies

The following table sets forth information relating to our contractual obligations as of June 30, 2007 on a consolidated basis and on a basis deconsolidating the Blackstone funds:

Contractual Obligations	July 1, 2007 to December 31, 2007	2008 2009	2010 2011	Thereafter	Total
	(Dollars in Thousands)				
Operating Lease Obligations (1)	$ 10,559	$ 42,321	$ 49,490	$ 251,167	$ 353,537
Purchase Obligations	1,700	2,713	392		4,805
Blackstone Operating Entities Loan and Credit Facilities Payable	21,398	54,128	32,399		107,925
Interest on Blackstone Operating Entities Loan and Credit Facilities Payable (2)	4,695	6,811	1,123		12,629
Blackstone Funds Debt Obligations Payable (3)	69,005				69,005
Interest on Blackstone Funds Debt Obligations Payable (4)	2,360				2,360
Blackstone Operating Entities Capital Commitments to Blackstone and Other Funds (5)	1,332,835				1,332,835
Consolidated Contractual Obligations	1,442,552	105,973	83,404	251,167	1,883,096
Blackstone Funds Debt Obligations Payable (3)	(69,005)				(69,005)
Interest on Blackstone Funds Debt Obligations Payable (4)	(2,360)				(2,360)
Blackstone Operating Entities Contractual Obligations	$ 1,371,187	$ 105,973	$ 83,404	$ 251,167	$ 1,811,731

(1) We lease our primary office space and certain office equipment under agreements that expire through 2024. In connection with certain lease agreements, we are responsible for escalation payments. The contractual obligation table above includes only guaranteed minimum lease payments for such leases and does not project potential escalation or other lease-related payments. These leases are classified as operating leases for financial statement purposes and as such are not recorded as liabilities on the condensed consolidated and combined statement of financial condition as of June 30, 2007.

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(2) Represents interest to be paid over the maturity of the related debt obligation which has been calculated assuming no prepayments are made and debt is held until its final maturity date. The future interest payments are calculated using variable rates in effect as of June 30, 2007, at spreads to market rates pursuant to the financing agreements, and range from 6.50% to 9.25%.
(3) These obligations are those of the Blackstone funds.
(4) Represents interest to be paid over the maturity of the related Blackstone funds debt obligations which has been calculated assuming no prepayments will be made and debt will be held until its final maturity date. The future interest payments are calculated using variable rates in effect as of June 30, 2007, at spreads to market rates pursuant to the financing agreements, and range from 4.67% to 6.25%.
(5) These obligations represent commitments by us to provide general partner capital funding to the Blackstone funds and limited partner capital funding to other funds. These amounts are generally due on demand and are therefore presented in the less than one year category; however, the capital commitments are expected to be called substantially over the next three years. We expect to continue to make these general partner capital commitments as we raise additional amounts for our investment funds over time.

Guarantees

We had approximately $12 million of letters of credit outstanding to provide collateral support related to a credit facility at June 30, 2007.

Indemnifications

In many of its service contracts, Blackstone agrees to indemnify the third party service provider under certain circumstances. The terms of the indemnities vary from contract to contract and the amount of indemnification liability, if any, cannot be determined and has not been included in the table above or recorded in our condensed consolidated and combined financial statements as of June 30, 2007.

Clawback Obligations

At June 30, 2007, due to the funds performance results, none of the general partners of our corporate private equity, real estate and mezzanine funds had a clawback obligation to any limited partners of the funds. Since the inception of the funds, the general partners have not been required to make a clawback payment.

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ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Our predominant exposure to market risk is related to our role as general partner or investment adviser to the Blackstone funds and the sensitivities to movements in the fair value of their investments, including the effect on management fees, performance fees and allocations and investment income. There is no material market risk exposure to our net gains from fund investment activities after consideration of the allocation to non-controlling interest holders.

Although the Blackstone funds share many common themes, each of our alternative asset management operations runs its own investment and risk management processes, subject to our overall risk tolerance and philosophy:

The investment process of our corporate private equity, real estate and mezzanine funds involves a detailed analysis of potential acquisitions, and asset management teams are assigned to oversee the operations, strategic development, financing and capital deployment decisions of each portfolio investment. These key investment decisions are subject to approval by the applicable investment committee, which is comprised of members of Blackstone senior management.

In our capacity as advisor to certain of our marketable alternative asset management funds, we continuously monitor a variety of markets for attractive trading opportunities, applying a number of traditional and customized risk management metrics to analyze risk related to specific assets or portfolios. In addition, we perform extensive credit and cash-flow analysis of borrowers, credit-based assets and underlying hedge fund managers, and have extensive asset management teams that monitor covenant compliance by, and relevant financial data of, borrowers and other obligors, asset pool performance statistics, tracking of cash payments relating to investments, and ongoing analysis of the credit status of investments.

We are sensitive to changes in market risk factors that affect our financial results.

Effect on Fund Management Fees

Our management fees are based on (1) capital commitments to a Blackstone fund, (2) capital invested in a Blackstone fund or (3) the net asset value, or NAV, of a Blackstone fund, as described in our condensed consolidated and combined financial statements. Management fees will only be directly affected by changes in market risk factors to the extent they are based on NAV. These management fees will be increased (or reduced) in direct proportion to the effect of changes in the market value of our investments in the related funds. The proportion of our management fees that are based on NAV is dependent on the number and types of Blackstone funds in existence and the current stage of each fund s life cycle. As of June 30, 2007, taking into consideration the effect of the deconsolidation of certain funds of hedge funds that will be effective July 1, 2007, approximately 29% of our management fees were based on the NAV of the applicable funds.

Market Risk

The Blackstone funds hold investments and securities sold not yet purchased, both of which are reported at fair value. Based on the fair value as of June 30, 2007, taking into consideration the effect of the deconsolidation of certain funds of hedge funds that will be effective July 1, 2007 and the allocation of certain items to non-controlling interest holders, we estimate that a 10% decline in fair value of the investments and securities would have the following effects (1) management fees would decrease by $27.2 million on an annual basis, (2) performance fees and allocations would decrease by $643.5 million and (3) investment income would decrease by $130.9 million.

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Exchange Rate Risk

The Blackstone funds hold investments that are denominated in non-U.S. dollar currencies that may be affected by movements in the rate of exchange between the U.S. dollar and non-U.S. dollar currencies. Additionally, a portion of our management fees are denominated in non-US dollar currencies. We estimate that as of June 30, 2007, taking into consideration the effect of the deconsolidation of certain funds of hedge funds that will be effective July 1, 2007 and the allocation of certain items to non-controlling interest holders, a 10% decline in the rate of exchange against the U.S. dollar would have the following effects (1) management fees would decrease by $3.2 million on an annual basis, (2) performance fees and allocations would decrease by $105.2 million and (3) investment income would decrease by $16.5 million.

Interest Rate Risk

Blackstone has debt obligations payable that accrue interest at variable rates. Interest rate changes may therefore affect the amount of interest payments, future earnings and cash flows. Based on our debt obligations payable as of June 30, 2007, taking into consideration the effect of the deconsolidation of certain funds of hedge funds that will be effective July 1, 2007 and the allocation of certain items to non-controlling interest holders, we estimate that interest expense relating to variable rate debt obligations payable would increase by $1.2 million on an annual basis, in the event interest rates were to increase by one percentage point.

Credit Risk

Certain Blackstone funds and the Investee Funds are subject to certain inherent risks through their investments.

Our entities generally invest substantially all of their excess cash in an open-end money market fund and a money market demand account, which are included in cash and cash equivalents. The money market fund invests primarily in government securities and other short-term, highly liquid instruments with a low risk of loss. We continually monitor the fund s performance in order to manage any risk associated with these investments.

Certain of our entities hold derivative instruments that contain an element of risk in the event that the counterparties may be unable to meet the terms of such agreements. We minimize our risk exposure by limiting the counterparties with which we enter into contracts to banks and investment banks who meet established credit and capital guidelines. We do not expect any counterparty to default on its obligations and therefore do not expect to incur any loss due to counterparty default.

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ITEM 4. CONTROLS AND PROCEDURES

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this quarterly report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective, in all material respects, to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

No change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, see the information under the heading Risk Factors in our prospectus dated June 21, 2007, filed with the SEC in accordance with Rule 424(b) of the Securities Act on June 25, 2007, which is accessible on the Securities and Exchange Commission s website at sec.gov. There have been no material changes to the risk factors disclosed in the prospectus.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The effective date of The Blackstone Group L.P. s registration statement filed on Form S-1 under the Securities Act of 1933 (File No. 333-141504) (Form S-1) relating to The Blackstone Group L.P. s initial public offering of common units representing limited partner interests was June 21, 2007. A total of 153,333,334 common units were sold, including common units sold pursuant to the underwriters option to purchase additional common units. Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. acted as global coordinators and representatives of the underwriters and, together with Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, Lehman Brothers Inc. and Deutsche Bank Securities Inc., acted as joint book-running managers of the offering.

The offering was completed on June 27, 2007. The aggregate offering price for the common units sold pursuant to the initial public offering was $4.75 billion. The underwriting discounts were $202.1 million, none of which was paid to affiliates of The Blackstone Group L.P. The Blackstone Group L.P. incurred approximately $50.0 million of other expenses in connection with the offering. The net proceeds to The Blackstone Group L.P. from the initial public offering totaled approximately $4.50 billion.

Concurrently with the initial public offering of common units, The Blackstone Group L.P. sold 101,334,234 non-voting common units to an investment vehicle established by the People s Republic of China with respect to its foreign exchange reserve that we refer to as the State Investment Company for $3 billion at a purchase price per common unit of $29.605, or 95.5% of the initial public offering price per common unit of $31.00. The sale of the non-voting common units was made to the State Investment Company without a registration statement under the Securities Act because the sale was effected outside of the United States and was offered and sold in a transaction exempt from registration under Section 4(2) of the Securities Act.

The Blackstone Group L.P. used approximately $4.57 billion of the proceeds from the initial public offering and the sale of non-voting common units to the State Investment Company to purchase interests in its business from its existing owners, including certain members of Blackstone s senior management. Accordingly, The Blackstone Group L.P. did not retain any of these proceeds.

The Blackstone Group L.P. used all of the remaining proceeds from the initial public offering and the sale of non-voting common units to the State Investment Company, or approximately $2.93 billion (after deducting offering expenses of

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approximately $50.0 million), to purchase newly-issued Blackstone Holdings partnership units substantially currently with the consummation of the initial public offering. Blackstone Holdings used approximately $1.21 billion of these proceeds to repay short-term borrowings and the remaining $1.72 million has been or will be used:

- to provide capital to facilitate the growth of The Blackstone Group L.P. s existing asset management and financial advisory businesses, including through funding a portion of Blackstone Group Management L.L.C. s capital commitments to The Blackstone Group L.P. s carry funds;

- to provide capital to facilitate The Blackstone Group L.P. s expansion into new businesses that are complementary to its existing asset management and financial advisory businesses and that can benefit from being affiliated with it, including possibly through selected strategic acquisitions; and

- for other general corporate purposes.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On June 15, 2007, the partners of The Blackstone Group L.P. by unanimous written consent (1) approved and adopted The Blackstone Group L.P. 2007 Equity Incentive Plan and (2) approved, for the express purpose of exempting such transactions under Rule 16b-3 promulgated under the Exchange Act, certain specified acquisitions and dispositions by directors and officers of the general partner of The Blackstone Group L.P. of common units representing limited partner interests in The Blackstone Group L.P. and of partnership units in the Blackstone Holdings partnerships.

ITEM 5. OTHER INFORMATION

Exhibit 10.3 filed with this report reflects that Blackstone Holdings III L.P. has been organized as a Québec société en commandite.

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ITEM 6. EXHIBITS

Exhibit Index:

3.1	Certificate of Limited Partnership of The Blackstone Group L.P. (incorporated by reference to Exhibit 3.1 to the Registrant s Registration Statement on Form S-1 (File No. 333-141504) (Form S-1) filed with the SEC on March 22, 2007).
3.2	Amended and Restated Agreement of Limited Partnership of The Blackstone Group L.P. (incorporated by reference to Exhibit 3.1 on Form 8-K filed with the SEC on June 27, 2007).
10.1	Amended and Restated Limited Partnership Agreement of Blackstone Holdings I L.P., dated as of June 18, 2007, by and among Blackstone Holdings I/II GP Inc. and the limited partners of Blackstone Holdings I L.P. party thereto.
10.2	Amended and Restated Limited Partnership Agreement of Blackstone Holdings II L.P., dated as of June 18, 2007, by and among Blackstone Holdings I/II GP Inc. and the limited partners of Blackstone Holdings II L.P. party thereto.
10.3	Amended and Restated Limited Partnership Agreement of Blackstone Holdings III L.P., dated as of August 10, 2007, by and among Blackstone Holdings III GP L.L.C. and the limited partners of Blackstone Holdings III L.P. party thereto.
10.4	Amended and Restated Limited Partnership Agreement of Blackstone Holdings IV L.P., dated as of June 18, 2007, by and among Blackstone Holdings IV GP L.P. and the limited partners of Blackstone Holdings IV L.P. party thereto.
10.5	Amended and Restated Limited Partnership Agreement of Blackstone Holdings V L.P., dated as of June 18, 2007, by and among Blackstone Holdings V GP L.P. and the limited partners of Blackstone Holdings V L.P. party thereto.
10.6	Tax Receivable Agreement, dated as of June 18, 2007, by and among Blackstone Holdings I/II GP Inc., Blackstone Holdings I L.P., Blackstone Holdings II L.P. and the limited partners of Blackstone Holdings I L.P. and Blackstone Holdings II L.P. party thereto.
10.7	Exchange Agreement, dated as of June 18, 2007, among The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P., Blackstone Holdings V L.P. and the Blackstone Holdings Limited Partners. party thereto.
10.8	Registration Rights Agreement, dated as of June 18, 2007.
10.9	2007 Equity Incentive Plan.
10.10	Founding Member Agreement of Stephen A. Schwarzman, dated as of June 18, 2007, by and among Blackstone Holdings I L.P. and Stephen A. Schwarzman.
10.11	Founding Member Agreement of Peter G. Peterson, dated as of June 18, 2007, by and among Blackstone Holdings I L.P. and Peter G. Peterson.
10.12	Second Amended and Restated Limited Liability Company Agreement of BMA V L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of BMA V L.L.C.
10.13	Second Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Management Associates International L.P., dated as of May 31, 2007, by and among BREA International (Cayman) Ltd. and certain limited partners.
10.14	Second Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Management Associates International II L.P., dated as of May 31, 2007, by and among BREA International (Cayman) II Ltd. and certain limited partners.

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10.15 Second Amended and Restated Limited Liability Company Agreement of Blackstone Management Associates IV L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Blackstone Management Associates IV L.L.C.

10.16 Second Amended and Restated Limited Liability Company Agreement of Blackstone Mezzanine Management Associates L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Blackstone Mezzanine Management Associates L.L.C.

10.17 Second Amended and Restated Limited Liability Company Agreement of Blackstone Mezzanine Management Associates II L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Blackstone Mezzanine Management Associates II L.L.C.

10.18 Second Amended and Restated Limited Liability Company Agreement of BREA IV L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of BREA IV L.L.C.

10.19 Second Amended and Restated Limited Liability Company Agreement of BREA V L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of BREA V L.L.C.

10.20 Second Amended and Restated Limited Liability Company Agreement of BREA VI L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of BREA VI L.L.C.

10.21 Second Amended and Restated Limited Liability Company Agreement of Blackstone Communications Management Associates I L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Blackstone Communications Management Associates I L.L.C.

31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).

31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 13, 2007

The Blackstone Group L.P.

By:	Blackstone Group Management L.L.C.,
	its general partner
	/s/ Michael A. Puglisi
Name:	Michael A. Puglisi
Title:	Chief Financial Officer