

## **Blackstone Group IPO Still on Track**

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NEW YORK — Blackstone Group LP, dodging political scrutiny on the eve of its landmark initial public offering, on Thursday received overwhelming demand from investors seeking a piece of the biggest IPO in at least five years.

The nation's second-biggest buyout fund, which controls names like Universal Studios Florida and real estate powerhouse Equity Office Properties Trust, plans to raise as much as \$4.14 billion when it lists Friday on the New York Stock Exchange. Blackstone is offering 133.3 million common units of its management partnership to the public in an expected price range of \$29 to \$31, it confirmed in a regulatory filing on Thursday.

Even as underwriters nail down the final details of the offering, which might include raising the IPO price, analysts tracking the deal said demand is strong. Investors in Asia, the Middle East, and Europe are said to be the most interested in buying into what is expected to be the sixth-largest IPO in U.S. history.

Investor appetite to own a piece of the private equity industry — where firms buy companies, turn them around, and seek to sell them at a profit — comes despite a flood of negative attention in the past few days. The IPO has been scrutinized for the huge payout it will provide top executives, and attempts by lawmakers to change the tax status of Blackstone and similar firms.

"Scrutiny was inevitable since this is the first time a big brand name private equity firm is going public, and disclosing how the industry really works," said Peter Shabecoff, founding partner of Stamford, Conn.-based private equity firm Atlantic Street Capital Management. "But they have the scope and brand name to be successful, and that's what people are buying into."

The IPO will surpass the initial offerings of Goldman Sachs Group Inc. and Lehman Brothers Holdings Inc. as one of the biggest in Wall Street's history.

However, unlike those vaunted firms, those buying into Blackstone only get a piece of its management division — which carries little voting rights and no direct connection to the portfolio of companies the firm operates.

It will be closely watched by other buyout funds thinking about their own public flotations. Kohlberg Kravis Roberts & Co., Carlyle Group, and a list of other big private equity players are said to be considering their own IPOs.

There had been some speculation that Blackstone would nix its offering because of a threat Congress will impose higher taxes on them. The firm acknowledged in an

amended prospectus filed Thursday that it could face much higher taxes as early as next year if it was taxed as a corporation, as a new bill in the U.S. House of Representatives proposes to do.