

# GSO / BLACKSTONE DEBT FUNDS MANAGEMENT LLC

345 Park Avenue

New York, NY 10154

+1 (212) 503-2100

[www.blackstone.com](http://www.blackstone.com)

April 1, 2013

Form ADV, Part 2 – the “Disclosure Brochure” or “Brochure” – as required by the Investment Advisers Act of 1940 (the “**Advisers Act**”) provides important information about GSO / Blackstone Debt Funds Management LLC (the “**Registrant**”).

This Brochure provides information about the Registrant’s qualifications and business practices. If you have any questions about the contents of this brochure, please contact the Registrant at +1 (212) 503-2100. Additional information about the Registrant also is available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search”, select “Investment Adviser Firm” and type in the Registrant’s name). Results will provide you with Parts 1 and 2 of the Registrant’s Form ADV.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. The Registrant is a registered investment adviser with the SEC. The Registrant’s registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications provided to you, including this Brochure, may be used to evaluate the Registrant and should be considered in your decision to hire the Registrant or to continue to maintain a mutually beneficial relationship.

## Item 2 – Material Changes

This brochure contains important information about the Registrant. This brochure is intended to provide potential and existing clients with an overview of the Registrant (together with its affiliates, the “**Firm**”). It also contains important disclosures such as certain practices of the Registrant, potential material conflicts that may arise and key potential investment risks. The Registrant may, at any time, update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).

This Item 2 is a discussion of only the material changes to the Registrant’s Brochure since the last Form ADV Part 2 update, which was dated March 30, 2012.

There have been no material changes to the Registrant’s Brochure since the last Form ADV Part 2 update.

### Item 3 -Table of Contents

Item 1 – Cover Page .....	Cover Page
Item 2 – Material Changes .....	2
Item 3 -Table of Contents .....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	6
Item 6 – Performance-Based Fees and Side-By-Side Management .....	8
Item 7 – Types of Clients .....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9 – Disciplinary Information .....	13
Item 10 – Other Financial Industry Activities and Affiliations .....	14
Item 11 – Code of Ethics .....	23
Item 12 – Brokerage Practices .....	25
Item 13 – Review of Accounts .....	29
Item 14 – Client Referrals and Other Compensation .....	30
Item 15 – Custody .....	31
Item 16 – Investment Discretion .....	32
Item 17 – Voting Client Securities (Proxy Voting) .....	33
Item 18 – Financial Information .....	34

## Item 4 – Advisory Business

### A. Description of GSO / Blackstone Debt Funds Management LLC

The Registrant serves as investment manager for (i) pooled investment vehicles operating as private investment funds, including collateralized loan obligation (“**CLO**”) vehicles, open-ended funds, close-ended funds, and funds in which affiliates or employees of the Registrant invest alongside such other private investment funds and (ii) registered investment companies (collectively, the “**Funds**”). In addition, the Registrant provides sub-advisory services to other investment advisors (the “**Adviser Clients**”) who in turn advise other funds, including registered investment companies pursuant to which the Registrant provides investment advice. The Registrant also provides investment advisory services to individually-managed accounts (the “**Managed Accounts**”) pursuant to advisory relationships (the owners of such Managed Accounts, the Funds and the Adviser Clients, collectively, shall be referred to herein as the “**Clients**”). Affiliates of the Registrant serve as general partner (each, a “**General Partner**”) of certain of the Funds.

GSO Capital Partners LP (“**GSOCP**”) is the Managing Member of the Registrant. GSOCP was founded in July 2005 by Bennett J. Goodman, J. Albert (Tripp) Smith III and Douglas I. Ostrover. On March 3, 2008, Blackstone acquired a controlling stake in GSOCP.

GSO Advisor Holdings L.L.C. is the general partner of GSOCP. Blackstone Holdings I L.P. is the sole member of GSO Advisor Holdings L.L.C. Blackstone Holdings I/II GP Inc. is the general partner of Blackstone Holdings I L.P. Blackstone is the controlling shareholder of Blackstone Holdings I/II GP Inc. Blackstone is a publicly traded entity on the New York Stock Exchange (Ticker: BX).

### B. Description of Advisory Services

The Registrant provides investment advice to Clients which may include state or municipal government entities. The Registrant offers advice primarily in respect of investments in first lien loans, second lien loans, CLOs, high yield bonds, distressed securities, mezzanine securities, public and private equity and derivatives in respect of the foregoing. The Registrant may provide advice with respect to direct lending loan origination or may provide advice with respect to syndicated and actively traded loans or securities.

### C. Customized Advisory Services

In certain situations, the Registrant is able to tailor its advisory services and investments based on specific Client objectives and/or investment strategies as discussed with such Client. The Registrant is available to discuss such customized investment strategies or separately managed accounts with existing and potential clients upon request.

**D. Assets Under Management**

The Registrant's assets under management were approximately \$28.45 billion as of December 31, 2012, approximately \$23.38 billion of which are managed on a discretionary basis and approximately \$5.07 billion of which are managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **A. Management Fees**

For its investment advisory services, the Registrant or an affiliated entity may receive a management fee at an annual rate of up to 2.0% of the net assets, invested capital or aggregate principal balance of the assets, as the case may be.

Fees for the Funds will be disclosed in the relevant Fund offering and/or governing documents, which are provided to prospective investors. Fees for the Adviser Clients are disclosed in the relevant investment management service agreement, to which the Adviser Client is a party and in the relevant offering documents. Fees for the Managed Accounts will be disclosed in the relevant investment management service agreement, to which the relevant account owner is a party.

While the Registrant's policy is that its fees are not negotiable, the Registrant reserves the right to waive or reduce its fees for certain investors. In particular, certain affiliates or employees of the Registrant that are investors in the Funds do not pay management fees. Further, the existence of differing management fees for Clients of the Registrant or its affiliates trading side-by-side may create a conflict of interest to the Registrant and its affiliates with respect to the allocation of investment opportunities. The Registrant has a trade allocation policy (see **Item 16 – Investment Discretion**) that addresses this conflict of interest.

Generally, the management fee payable by a Client to the Registrant will be reduced by all or a portion (disclosed in the governing agreements of the relevant Client) of any placement, origination or other transaction fees (including commitment, closing, amendment, waiver, directors, organizational, break-up or other similar fees in respect of a Client's purchase, monitoring or disposition of an investment) received by the Registrant for transactions effected for such Client's account.

### **B. Timing of Fee Payments**

Management fees are generally payable monthly or quarterly in arrears, as the case may be. The Registrant may elect to defer payment of all or part of the management fee. Management fees are generally deducted from the applicable Fund assets and may be deducted from the Client assets. Alternatively, certain Clients may be invoiced for such management fees.

### **C. Additional Fees and Expenses**

The offering and/or governing documents of each Client provide a description of any additional fees and expenses for which such Client may be responsible in addition to the management fees and any performance-based allocations or fees (see Item 6 below).

Generally, each Client will be responsible for all costs and expenses relating to the organization of such Client and of maintaining the operations of such Client and the investments paid by or on behalf of such Client, including, without limitation, (i) legal, filing, regulatory (including without limitation, costs in connection with Form PF and U.S. Commodity Futures Trading Commission filings), compliance, auditing, consulting, accounting and other professional fees and expenses; (ii) administration fees and expenses, whether provided by a third party or by the Registrant or an affiliate of the Registrant, as may be disclosed in the offering and/or governing document of each such Client; (iii) research-related expenses, including, without limitation, news and quotation equipment and services and research related travel; (iv) costs of portfolio management and accounting systems; (v) expenses associated with information, communication and periodic reporting to Clients; (vi) financial statements, tax returns and Schedules K-1; (vii) insurance; (viii) interest and other expenses incurred in respect of borrowings, if any; (ix) other expenses associated with the acquisition, holding, monitoring, settlement and disposition of such Client's investments (including, without limitation, any brokerage, custody, hedging or broken deal costs, clearing and settling charges, interest expenses and investment related travel and lodging expenses); (x) the costs and expenses of any custodians, lenders, investment banks and other financing sources; (xi) any indemnity expenses; and (xii) the costs and expenses of any litigation involving such Client and the amount of any judgments or settlements paid in connection herewith.

For certain Clients, the Registrant may also charge back a portion of the cost of overhead expenses attributable to the management of or operations related to such Client. Note that the offering and/or governing documents for certain Clients provide for a cap on the organizational expenses chargeable to such Client; organizational expenses in excess of such cap will be paid by the Registrant or one of its affiliates, as applicable.

#### **D. Pre-Paid Fees**

No Client is required to pay any fees in advance.

#### **E. Employee Compensation for Sales of Securities**

No employee of the Registrant accepts or otherwise receives, directly or indirectly, any compensation for the sale of securities or other investment products.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

### **A. Performance-Based Allocations and Fees**

In addition to the management fees and other fees described in Item 5 above, the Registrant or one of the General Partners may receive a performance-based allocation or fee up to 20.0% of each Client's net profits, subject in certain cases, to a loss carryforward provision or clawback provision, as applicable. Performance-based allocations or fees may be based on either realized or unrealized profits attributable to a Client, and all performance-based allocations for the Funds will be disclosed in the relevant offering and/or governing documents of each Client.

While the Registrant's policy is that its performance-based allocations or fees are not negotiable, the Registrant reserves the right to waive or reduce such allocations or fees for certain investors. In particular, certain affiliates or employees of the Registrant that are investors in the Funds do not bear any performance-based allocation or fee.

Note that the existence of a performance-based allocation or fee may incentivize the Registrant to manage a Client's assets in a more aggressive manner than if there was no such allocation or fee. Further, the existence of differing performance-based allocations or fees for Clients of the Registrant or its affiliates trading side-by-side may create a conflict of interest to the Registrant and its affiliates with respect to the allocation of investment opportunities. However, the Registrant manages each Client's assets in accordance with the investment strategy disclosed in each Client's offering and/or governing documents to help ensure that investors are aware of the investment strategy and the risks associated with such strategy. The Registrant also has a trade allocation policy (see **Item 16 – Investment Discretion**) that addresses this conflict of interest.

### **B. Timing of Performance-Based Allocations and Fees**

As described in the respective offering and/or governing documents of each Client, performance-based allocations or fees are generally allocated or paid, as the case may be, either at the end of each fiscal year or upon the making of any distribution to investors which a performance-based allocation or fee relates.



## Item 7 – Types of Clients

The Registrant provides its services and markets its Funds and Managed Accounts to a limited number of institutional investors and sophisticated, high-net worth individual investors capable of understanding the risks of their investments, including the following types of investors:

- Banks and other financial institutions
- Insurance companies
- Investment companies
- Public and private retirement and pension plans
- Public and private profit sharing plans
- Trusts and estates
- Charitable organizations
- State and municipal government agencies
- Sovereign wealth funds
- Hedge funds and fund of funds
- High net worth individuals
- Corporations
- Business entities other than those listed above

All potential investors must go through certain suitability and compliance procedures (including anti-money laundering procedures), prior to acceptance of any subscription or investment amount for any Fund or Managed Account. In addition, any separate maintenance- or other investment-related provisions (*e.g.*, minimum account sizes) will be provided in the offering and/or governing documents of each Fund or Managed Account, which documents are made available to each potential investor prior to investment.

The Registrant also provides its services to registered investment companies (or Client Advisers who in turn provide services to registered investment companies) which are marketed to retail investors.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **A.**

#### **Methods of Analysis**

The Registrant's investment process for evaluating potential opportunities and investments may include a variety of proprietary and non-proprietary research models and methods of analyses. The Registrant derives information used to make investment decisions on behalf of its Clients from a variety of both internal and external resources, such as financial newspapers and magazines, research and reports provided by third parties and corporate ratings services. In addition, the Registrant generally conducts an in-depth review of the target companies/investments, which may include, without limitation, (i) analyses of corporate activities and financials, (ii) reviews of annual reports, prospectuses and other filings with the SEC, if any, and (iii) where appropriate, interviews and meetings with senior management of such target companies.

Generally, the Registrant seeks to capitalize on both long- and short-term inefficiencies in the market by investing across a spectrum of products, often employing bottom-up analysis, utilizing market technicals and fundamentals to select investments. There may be occasions when (consistent with applicable Client guidelines), the strategy may be weighted to deep value or be more opportunistic and seek short term gains. The types of investments pursued by a particular Fund or Managed Account may be customized based on Client guidelines.

#### **Investment Strategies**

The specific investment strategy and corresponding method of analysis for each Client will be specified in the offering and/or governing documents of such Client. A brief description of certain investment strategies employed by the Registrant is provided below.

The specific investment strategy and corresponding method of analysis for each Client will be specified in the offering and/or governing documents of such Client. Generally, the Registrant's investment objective for each Client is to invest opportunistically in a broad range of credit and credit-related securities and instruments, including, without limitation, leveraged loans, second lien loans, CLOs, high yield bonds, distressed securities, mezzanine securities, public and private equity and credit derivatives.

In certain situations, the Registrant is able to tailor its advisory services and investments based on specific Client objectives and/or investment strategies as discussed with such Client. The Registrant is available to discuss such customized investment strategies or separately managed accounts with existing and potential clients upon request.

## **B. Risk of Loss**

An investment in a Fund and a Managed Account entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks associated with an investment in a Client and bearing the risks such investment represents. The offering and/or governing documents of each Client will contain detailed descriptions of certain of the risks associated with an investment in a Client. Below are a few of the key risks associated with such investments:

1. Loss of All or Part of Investment
2. No Assurance of Investment Return
3. Changes in Legal, Fiscal and Regulatory Regimes
4. Lack of Liquidity of Client Interests
5. Highly Competitive Market for Investment Opportunities
6. Reliance on the Registrant and Certain of its Professionals and Employees
7. Misconduct of Employees and of Third Party Service Providers
8. General Economic and Market Volatility
9. Nature of Debt and Credit Investments, including credit securities, senior debt, mezzanine debt, distressed investments and restructurings
10. Nature of Equity or Equity-Related Investments
11. Risks Related to Use of Leverage by Certain Clients
12. Lack of Diversification
13. Non-U.S. Investments

The debt and equity markets fluctuate substantially over time. As recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets which the Registrant manages that may be out of the Registrant's control. The Registrant cannot guarantee any level of performance or that investors in the Clients will not experience a loss of their account assets. There is no assurance that the Funds or Managed Accounts will be able to generate returns or that the returns will be commensurate with the risks inherent in their investment strategy. The marketability and value of any such investment will depend upon many factors beyond the control of the Clients or the Registrant. The expenses of the Clients may exceed their income, and an investor in a Client could lose the entire amount of its contributed capital. Therefore, an investor should only invest in a Fund or Managed

Account if the investor can withstand a total loss of its investment. The past investment performance of a Fund or Managed Account cannot be taken to guarantee future results of a Fund or Managed Account or any investment by or in a Fund or Managed Account.

## **Item 9 – Disciplinary Information**

On occasion, the Registrant is named as a party to certain lawsuits in connection with its management of the Funds and Managed Accounts. The Registrant does not believe that any current or pending litigation to which it or its affiliates is a party is material or otherwise would have a material adverse effect on its investment or advisory activities.

## Item 10 – Other Financial Industry Activities and Affiliations

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Registrant, its affiliates and personnel (each an “**Advisory Affiliate**” and, collectively, the “**Advisory Affiliates**”). The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts. **Investors are advised to review the applicable Client offering and/or governing documents for a more extensive description of the potential conflicts of interest applicable to each Client.**

***Blackstone Policies and Procedures.*** Specified policies and procedures implemented by Blackstone to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the synergies across Blackstone’s various businesses that the Clients expect to draw on for purposes of pursuing attractive investment opportunities. Because Blackstone has many different asset management and advisory businesses, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, Blackstone has implemented certain policies and procedures (*e.g.*, information walls) that may reduce the positive synergies that Clients expect to utilize for purposes of managing its investments. For example, Blackstone may come into possession of material non-public information with respect to companies that the Clients may be considering making an investment. In certain situations, Client’s activities could be restricted even if such information, which could be of benefit to a Client, was not made available to the Registrant. Additionally, the terms of confidentiality or other agreements with, or related to, companies of any client of Blackstone may restrict or otherwise limit the ability of a Client and/or its portfolio entities to engage in businesses or activities competitive with such companies. Finally, Blackstone may enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although may be intended to provide greater opportunities for the Clients, may require the Clients to share such opportunities or otherwise limit the amount of an opportunity the Clients can otherwise take.

***Issuer Relationships.*** The Clients’ portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other clients of Blackstone or Blackstone affiliates that, although the Registrant determines to be consistent with the requirements of such Clients’ governing agreements, may not have otherwise been entered into but for the affiliation with the Registrant and/or

Blackstone, and which may involve fees and/or servicing payments to the Registrant and/or Blackstone affiliates from which the investor will derive no benefit. From time to time employees of Blackstone may serve as directors or advisory board members of certain issuers of the Clients' investments or other entities. In connection with such services, the Registrant may receive directors' fees or other similar compensation (unless a Client's governing documents otherwise provide). Such amounts are not expected to be material.

***Investment Banking, Advisory and Other Relationships.*** As part of its regular business, Blackstone provides a broad range of investment banking, advisory underwriting, placement agent services and other services. In addition, Blackstone and its affiliates may provide services in the future beyond those currently provided. Clients will not receive a benefit from such fees. In the regular course of its investment banking and advisory businesses, Blackstone represents potential purchasers, sellers and other parties, including corporations, financial buyers, management, shareholders and institutions, with respect to transactions that could give rise to transactions that are suitable for a Client. In such a case, an advisory client would typically require Blackstone to act exclusively on its behalf, thereby precluding a Client from participating in such transactions. Blackstone will be under no obligation to decline any such engagements in order to make an investment opportunity available to a Client. In connection with its investment banking, advisory and other businesses, Blackstone may come into possession of information that limits its and its affiliates' ability to engage in potential transactions. The Clients' activities may be constrained as a result of the inability of Blackstone personnel to use such information. For example, employees of Blackstone may be prohibited by law or contract from sharing information with members of the Clients' investment teams. Additionally, there may be circumstances in which one or more of certain individuals associated with Blackstone will be precluded from providing services related to the Clients' activities because of certain confidential information available to those individuals or to other parts of Blackstone. In certain sell-side and fundraising assignments, the seller may permit a Client to act as a participant in such transactions, which would raise certain conflicts of interest inherent in such a situation (including as to the negotiation of the purchase price).

Blackstone has long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on behalf of a Client, the Registrant will consider those relationships, which may result in certain transactions that the Registrant will not undertake on behalf of the Client in view of such relationships. Certain Clients may also co-invest with clients of Blackstone in particular investment opportunities, and the relationship with such clients could influence the decisions made by the Registrant with respect to such investments.

Blackstone may from time to time participate in underwriting or lending syndicates with respect to portfolio companies of a Client, or may otherwise be involved in the public

offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, a Client's portfolio companies, or otherwise in arranging financing (including loans) for portfolio companies. Such underwritings may be on a firm commitment basis or may be on an uncommitted "best efforts" basis. A Blackstone broker-dealer may act as the managing underwriter or a member of the underwriting syndicate and purchase securities from a Client or such Portfolio Companies. Blackstone may also, on behalf of a Client or other parties to a transaction involving a Client, effect transactions, including transactions in the secondary markets where it may nonetheless have a potential conflict of interest regarding a Client and the other parties to those transactions to the extent it receives commissions or other compensation from a Client and such other parties. Subject to applicable law, Blackstone may receive underwriting fees, discounts, placement commissions, lending arrangement and syndication fees or other compensation with respect to the foregoing activities, which are not required to be shared with the Clients or the Registrant. In addition, the Management Fee paid by the Clients generally will not be reduced by such amounts. Blackstone may nonetheless have a potential conflict of interest regarding Clients and the other parties to those transactions to the extent it receives commissions, discounts or such other compensation from such other parties. The Registrant will approve any transactions in which a Blackstone broker-dealer acts as an underwriter, as broker for a Client, or as dealer, broker or advisor, on the other side of a transaction with a Client only where the Registrant believes in good faith that such transactions are appropriate for a Client. Where Blackstone serves as underwriter with respect to a portfolio company's securities, Clients may be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell any securities that it continues to hold is restricted. This may prejudice the Clients' ability to dispose of such securities at an opportune time.

***Representing Creditors and Debtors.*** Blackstone may represent creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings. From time to time Blackstone may serve as advisor to creditor or equity committees. This involvement, for which Blackstone may be compensated, may limit or preclude the flexibility that the Clients may otherwise have to participate in restructurings or the Clients may be required to liquidate any existing positions of the applicable portfolio entity. The inability to transact in any security, derivative or loan held by a Client could result in significant losses to a Client.

***Service Providers.*** A Client's service providers (including lenders, brokers, attorneys and investment banking firms) may be investors in the Funds or may have a Managed Account and/or sources of investment opportunities and counterparties therein. This may influence the Registrant or its affiliates in deciding whether to select such a service provider or have other relationships with Blackstone. Notwithstanding the foregoing,



investment transactions for the Clients that require the use of a service provider will generally be allocated to service providers on the basis of best execution (and possibly to a lesser extent in consideration of such service provider's provision of certain investment-related and other services that the Registrant or its affiliates believes to be of benefit of the Clients).

***Allocation of Personnel.*** The Registrant, its affiliates and their respective members, partners, officers, managers and employees will devote as much of their time to the activities of the Clients as they deem necessary and appropriate. Subject to the terms of the applicable offering and/or governing documents, the Registrant, Blackstone or any of their respective affiliates or any agent or representative of any of them are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Clients and/or may involve substantial time and resources of the Registrant. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of the Registrant and its officers, managers, members and employees will not be devoted exclusively to the business of the Clients but will be allocated between the business of the Clients and the management of the monies of other advisees of the Registrant.

***Possible Future Activities.*** Blackstone, the Registrant and their affiliates may expand the range of services that it provides over time. Except as provided herein, Blackstone, the Registrant and their affiliates will not be restricted in the scope of its business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein.

***Conflicting Interests.*** A Client may acquire a security from an issuer in which a separate security has been acquired by another Client of the Registrants or Blackstone affiliates. When making such investments, the Registrant's Clients may have conflicting interests. To the extent that a Client holds interests that a different (or more senior) than those held by such other vehicles, accounts and clients, the Registrant may be presented with decisions involving circumstances where the interests of such vehicles and accounts are in conflict with those of a certain Client. Furthermore, it is possible that a Client's interest may be subordinated or otherwise adversely affected by virtue of such other vehicle's, or account's involvement and actions relating to its investment.

For example, conflicts could arise where one Client becomes a lender to a company when another Client owns equity securities of such a company. In this circumstance, for example, if such company goes into bankruptcy, becomes insolvent or is otherwise unable to meet its

payment obligations or comply with its debt covenants, conflicts of interest could arise between the holders of different types of securities as to what actions the company should take.

Subject to the terms of a Client's governing documents and the valuation policies and procedures of the Registrant, Clients may engage in cross transactions.

**1940 Act Restrictions.** The Investment Company Act of 1940 (the "**1940 Act**") limits certain Clients' ability to enter into certain transactions with certain of its affiliates. As a result of these restrictions, a Client may be prohibited from buying or selling any security directly from or to any portfolio company of a fund managed by the Registrant. However, a Client may under certain circumstances purchase any such portfolio company's securities in the secondary market, which could create a conflict for the Registrant between its interests with the Client and the portfolio company, in that the ability of the Registrant to recommend actions in the best interest of certain Clients might be impaired. Even despite compliance with the 1940 Act, potential conflicts of interest may arise in such transactions. The 1940 Act also prohibits certain "joint" transactions with certain of the Registrant's affiliates, which could include investments in the same portfolio company (whether at the same or different times). These limitations may limit the scope of investment opportunities that would otherwise be available to certain Clients.

Below is a listing of the Registrant's affiliates:

<b>Broker/Dealer</b>	
Blackstone Advisory Partners L.P.	Provides a variety of investment banking services
Park Hill Group LLC	Places alternative investment products in private offerings to mostly institutional investors
Park Hill Real Estate Group LLC	Places real estate alternative investment products in private offerings to mostly institutional investors
<b>Investment Advisor</b>	
Blackstone Alternative Asset Management L.P. ("BAAM")	Manages a series of private funds engaged in multi-manager investment programs ( <i>e.g.</i> , fund of hedge funds)
Blackstone Communications Advisors I L.L.C.	Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Debt Advisors L.P.	Provides investment advisory services to private investment funds specializing in debt securities
Blackstone Management Partners III L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners IV L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Clean Technology Advisors L.L.C.	Provides investment advisory services to private investment funds specializing in the cleantech energy sector
Blackstone Mezzanine Advisors L.P.	Provides investment advisory services to private investment funds specializing in mezzanine financing

Blackstone Mezzanine Advisors II L.P.	Provides investment advisory services to private investment funds specializing in mezzanine financing
Blackstone Real Estate Advisors III L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors IV L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors V L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors L.P. (formerly Blackstone Real Estate Advisors VI L.P.)	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors International L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors Europe L.P.	Provides investment advisory services to various real estate investment funds
Blackstone Real Estate Special Situations Advisors L.L.C	Provides investment advisory services to private investment funds which invest primarily in public and private debt and other interests of real estate assets and real estate-related holdings
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a multi-manager investment program
Blackstone Group International Partners LLP	Provides investment sub-advisory services to a number of debt-focused private investment funds
Blackstone Tactical Opportunities Advisors L.L.C.	Provides investment advisory services to multi-discipline, multi-asset class private funds.
GSO Capital Partners LP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts

GSO Capital Advisors LLC	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Advisors II LLC	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Partners International LLP	Provides investment advisory services to a number of debt focused private investment funds
Blackstone / GSO Debt Funds Management Europe Limited	Provides investment advisory services to a number of debt focused private investment funds
Blackstone / GSO Debt Funds Europe Limited	Provides investment advisory services to a number of debt focused private investment funds
Bayview Asset Management, LLC	Provides investment advisory services focusing on real estate backed loans and mortgage securities
CT Large Loan Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT High Grade Partners II Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT OPI Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT High Grade Mezzanine Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
BREDS/CT Advisors L.L.C.	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets

Blackstone Real Estate Special Situations Advisors (Isobel) L.L.C.	Provides investment advisory services to private investment funds and accounts which invest primarily in public and private debt and other interests of real estate assets and real estate-related holdings
<b>Commodity Trading Advisor &amp; Commodity Pool Operator</b>	
BAAM	Manages a series of private funds engaged in multi-manager investment programs ( <i>e.g.</i> , funds of hedge funds)
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
<b>Commodity Pool Operator</b>	
Blackstone Alternative Asset Management Associates L.L.C.	Serves as general partner of BAAM Funds which are structured as limited partnerships

## Item 11 – Code of Ethics

### A. Code of Ethics

The Registrant recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its investors; (ii) its long-term business interests are best served by adherence to the principle that the interests of investors come first; and (iii) it has a fiduciary duty to its investors to act in or not opposed to the best interests of the Clients. All personnel are required to act in accordance with the implied contractual covenants of good faith and fair dealing in respect of their dealings with investors. All personnel must also comply with all federal securities laws.

The Registrant's Code of Ethics (the "**Code**") governs a number of potential conflicts of interest which exist when providing advisory services to investors in the Clients it manages. This Code is designed to ensure that the Registrant meets its fiduciary obligation to investors in the Clients and to instill a culture of compliance within the Registrant. An additional benefit of the Code is to detect and prevent violations of securities laws.

The Code is distributed to each employee at the time of hire and annually thereafter, and it is available on the Registrant's intranet or by request.

The Code addresses, among other things, the following:

- Requirements related to confidentiality;
- Limitations on, and reporting of, gifts and entertainment;
- Pre-clearance of political contributions;
- Pre-clearance and reporting of employee personal securities transactions;
- Pre-clearance of outside business activities; and
- Protection of persons who engage in "whistle blowing" activities from retaliation.

On an annual basis, the Registrant requires all employees to certify that they are in compliance with the Code.

The Registrant offers many different products and services across its many businesses and there are several potential conflicts of interest which may arise. Please see Item 10 – Other Financial Industry Activities & Affiliations for a list of investment related potential conflicts.

The Registrant's related persons may from time to time have bought or sold, or may subsequently buy or sell, for their personal accounts, securities which may also be purchased or sold for the account of our Clients. The Registrant and its related personnel

are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that such trading be conducted for investment rather than speculative purposes and that all such personal securities transactions receive pre-clearance from the legal and compliance department.

These policies are designed to comply with SEC requirements that registered investment advisors have a Code of Ethics. The Registrant's Code is available for review upon request. You may request a copy of the Code by contacting the Registrant's Chief Compliance Officer, Marisa Beeney, at +1 (212) 503-2100.



## Item 12 – Brokerage Practices

### Best Execution

Portfolio transactions for Clients will be allocated to brokers and dealers on the basis of best execution (which may include, among other items, the consideration of such broker's or dealer's ability to effect transactions, its facilities and financial responsibility). The SEC generally describes "best execution" as a duty to execute securities transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances. The SEC also has stated that when seeking best execution the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution.

Accordingly, the Registrant considers the full range and quality of a broker's services including, (i) for executing brokers: expertise and ability to perform execution services; ability to execute transactions in liquid markets at competitive prices without disrupting the market for a particular security; ability to execute transactions in illiquid markets at competitive prices without disrupting the market for a particular security; range of services provided and products offered (*e.g.*, securities lending, margin lending, capital introduction, start-up services, reporting, research, valuation); quality and timeliness of market information provided; ability of broker to maintain confidentiality; credit worthiness and financial responsibility and (ii) for clearing brokers: operational expertise; ability to maintain confidentiality; credit worthiness; financial responsibility; fees; and commission rate or spread involved.

The Clients' securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Clients, and not the Registrant or any of its affiliates, will be obligated to pay.

The Registrant's brokers and other service providers also may be Clients or investors in the Funds. As consideration for services provided, these brokers and other service providers will receive reasonable and customary fees or commissions.

Notwithstanding the foregoing, the Registrant does not "pay up" for research or other services provided by any brokers through the commission rate (*e.g.*, the Registrant does not use "soft dollars").

The Chief Portfolio Risk Officer oversees compliance with the best execution policy in consultation with the Head of Middle Office and Operations as well as the Traders. The

Chief Portfolio Risk Officer will monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Registrant, will maintain the Approved Counterparty List and will evaluate credit worthiness of potential counterparties. The Chief Portfolio Risk Officer is responsible for ensuring that trades are not executed with parties not on the Approved Counterparty List or otherwise approved by the Chief Portfolio Risk Officer.

#### Allocation and Aggregation Procedures

The Registrant is committed to transacting in securities and loans in a manner that is consistent with the investment objectives of each of the Clients, and to allocating investment opportunities (including purchase and sale opportunities) among the Clients on a fair and equitable basis. In general, this means that such opportunities will be allocated *pro rata* among the Clients based on targeted acquisition size (based on available capacity) or targeted sale size (or, in some sales cases, the aggregate positions), taking into account available cash and relative capital of the respective Client as more specifically described herein. In addition, Registrant complies with allocation procedures specified in any of the Client documents. The Registrant will generally execute client transactions on an aggregated basis when the Registrant believes that to do so will allow the Registrant to obtain best execution and to negotiate more favorable commission rates or other transaction costs that might have otherwise been paid had such orders been placed independently. When aggregating orders, all Clients will be treated in a fair and equitable manner. As used herein, “aggregated order” shall mean when the Registrant places an order on behalf of one or more clients and does not specify to the counterparty prior to execution the allocation between the clients or groups of clients. Generally, any partial fills will be allocated *pro rata* between the clients or groups of clients in accordance with the specified allocation.

It is the policy of the Registrant to generally share appropriate investment opportunities (including purchase and sale opportunities) with clients of its Advisory Affiliates under the credit umbrella of Blackstone. In general, this means that such opportunities will be allocated *pro rata* among the clients based on targeted acquisition size (generally based on available capacity) or targeted sale size (or, in some sales cases, the aggregate positions), taking into account available cash and relative capital of the respective client. In certain instances and only in cases where the offering and/or governing documents of such Client clearly disclose such facts (and the investors therein have agreed to be treated as such), certain Clients may only participate in a particular investment opportunity after all other Clients or other investors have been allocated their respective full shares of such opportunity. In all cases, the Registrant must comply with allocation procedures specified

in any of the fund or organizational documents of its Clients. No Client will be allocated assets if such allocation does not meet the investment objective or current risk profile of such Client.

With respect to GSO originated assets, a member of the GSO origination deal team and GSO Legal, in conjunction with a member of the Investment Committee, will prepare a written statement that specifies the participating Clients and how the order will be allocated (including any origination fees with respect thereto) among those Clients and submit such approved written statement to the Chief Compliance Officer.

Except as expressly provided above or in accordance with the Registrant's daily allocation and order protocol (further information for which can be provided upon request), no Client will receive priority over any other Client; each Client that participates in the allocation of an aggregated order will participate at the average price for all of the participating transactions in that security on a given business day, with aggregated transaction costs shared *pro rata* based on each client's participation in the transaction.

Notwithstanding the foregoing, an aggregated order may be allocated on a basis different from that specified in the Registrant's allocation and aggregation procedures described herein if all Clients receive fair and equitable treatment. Investment opportunities (including purchase and sale opportunities) may be allocated other than as specified above, if the Registrant determines in its sole discretion that a different allocation is appropriate, taking into account, among other considerations (i) risk-return profile of the proposed investment; (ii) the particular Client's objectives, whether such objectives are considered solely in light of the specific investment under consideration or in the context of the portfolio's overall holdings; (iii) the potential for the proposed investment to create an industry, sector or issuer imbalance among the Clients' portfolios; (iv) liquidity requirements of the particular Client, including during a wind down of a Client; (v) tax consequences; (vi) regulatory restrictions; (vii) the need to re-size risk in the Clients' portfolios; (viii) redemption/withdrawal requests from a Client and anticipated future contributions into a Client; (ix) proximity of a Client to the end of its specified term; (x) when a pro rata allocation could result in *de minimis* or odd lot allocations; (xi) degree of leverage availability and any requirements or other terms of any existing leverage facilities; (xii) the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals dedicated to the applicable Client; (xiii) available cash; and (xiv) other considerations deemed relevant by the Registrant.

### **Trade Errors**

Trade errors are evaluated on a case-by-case basis. Errors are reported to the Chief Compliance officer immediately upon discovery and are to be corrected as soon after

discovery as is reasonably practical. The Registrant generally will reimburse losses suffered by a Client as a result of a trade error caused by the Registrant. Client losses and Client gains will be reviewed on a “net” basis, taking into account, among other factors, all income attributable to the trade that is the subject of the trade error, similar trades or trades within a specified period, provided that the resolution is equitable to the Client over time. In addition, the Registrant will not correct a trade error made for one Client by causing another Client to buy or sell the securities unless such transaction has been approved by the Conflicts and Risk Committee.

The violation of any prohibitions, limits or any other guidelines (numerical, percentage-based, ratings-based or otherwise) shall not be considered a “trade error” if (i) such violation is expressly curable under the applicable governing documents and (ii) the Registrant cures such violation after becoming aware of the violation in accordance with such governing documents.

## **Item 13 – Review of Accounts**

### **Ongoing Review of Accounts**

The Registrant's investment professionals review the relevant investment advisory accounts on an ongoing basis. This analysis includes, but is not limited to, a review of:

- Compliance with the investment strategy and restrictions provided in the specific offering documents of such Client
- Potential Conflicts
- Market Conditions
- Style Drift
- Performance Attribution
- Performance Deviation.

These reviews take place at Investment Committee meetings where investment ideas and strategies are discussed. A variety of internal and external resources may be reviewed during the course of such meetings. In addition to these formal meetings, which take place weekly or as needed, the Registrant's investment professionals may meet and discuss the review of investment advisory accounts on a more frequent, informal basis. The Investment Committee also conducts regular credit reviews based on monitoring and analysis performed by traders and investment analysts.

### **Reports**

The Registrant provides unaudited performance reports on a monthly or quarterly basis to certain Clients, as specified in the organizational and offering documents of such Clients, and audited financial statements to Funds annually. The Registrant may elect to provide different levels of reports to investors.

Certain investors in the Funds may request information relating to a Fund and, to the extent such information is readily available or may be obtained without unreasonable effort or expense, the Registrant will provide such investors with the information requested. Investors that request and receive such information will consequently possess information regarding the business and affairs of the Fund that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

## **Item 14 – Client Referrals and Other Compensation**

The Registrant may make cash payments to third parties for solicitation activities in accordance with Rule 206(4)-3 of the Advisers Act, to the extent applicable.

In a typical distribution/placement arrangement, the Registrant may agree to pay a third-party solicitor for referring investors in certain Funds. Typically, the third-party solicitors will receive a portion of the management fee and/or performance fee paid to the Registrant (although other payment arrangements could exist). A prospective investor solicited by a third party will be informed of (and may be asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services will be paid by the Registrant and investors in such Fund will not be subject to any increased or additional fees or charges. The dollar amount of any placement agent fees is paid out of the applicable Funds, but may be credited as an offset to the management fees paid by the Funds, as provided in the applicable offering and/or governing documents of the Client.

Third-party solicitors in the U.S. will be registered as broker-dealers with the SEC. Third-party solicitors outside the U.S. may be registered with a non-U.S. regulatory body to the extent such registration is required.

Park Hill Group LLC (an affiliate of the Registrant) may receive cash payments from the Registrant in connection with such activities. Please refer to Item 10 (Other Financial Industry Activities and Affiliations) for a more detailed discussion on any conflicts of interest that may arise in connection with the Registrant's engagement of Park Hill Group LLC. The Registrant also has distribution/placement arrangements with a number of other unaffiliated third parties.

## Item 15 – Custody

In connection with the management of investments for certain Clients, the Registrant may have, or may be deemed to have, custody of certain funds or securities of its Clients. Rule 206(4)-2 (the “**Custody Rule**”) of the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client’s accounts or ownership of or access to client funds or securities (such as through fee deductions).

The Registrant maintains Client assets with qualified custodians, such as U.S. banks, U.S. registered broker-dealers, U.S. futures commission merchants (limited to holding client funds and security futures and any other securities incidental to client futures transactions), and certain foreign financial institutions that customarily hold customer assets and that segregate customer assets from its own assets.

In accordance with the Custody Rule, for any Clients for which the Registrant has custody of such assets, such Clients are subject to an annual audit and the audited financial statements are distributed to each investor in such Clients. The audited financial statements are prepared in accordance with generally accepted accounting principles, issued with an unqualified opinion and distributed within 120 days of the Clients’ respective fiscal year ends.

To the extent that the Registrant does not have custody of a Client’s assets, the applicable custodian will prepare and distribute to such Client quarterly, or more frequent, account statements, which should be reviewed carefully by the Client. A copy of Client account statements is available upon request.

Information on a Client’s qualified custodian, if any, including such qualified custodian’s name, address and the manner in which the Client’s assets are maintained, may be provided in the relevant organizational and/or offering documents of such Client. The Registrant will promptly notify investors of any changes to the qualified custodian.

## **Item 16 – Investment Discretion**

The Registrant generally acts as an investment advisor in discretionary accounts and may exercise sole authority to determine the securities bought and sold for each account, as well as the amounts thereof, without obtaining specific client consent and without limitation on such authority. The specific investment guidelines and restrictions are provided in the Fund documents or investment management agreement, as applicable.

Please refer to Item 12 for a discussion on the Registrant's Allocation and Aggregation Procedures.



## Item 17 – Voting Client Securities (Proxy Voting)

As a fiduciary, an investment adviser with proxy voting authority has a duty to monitor corporate events and to vote proxies, as well as a duty to cast votes in the best interest of clients and not subrogate client interests to its own interests. Rule 206(4)-6 under the Advisers Act (the “**Proxy Voting Rule**”) places specific requirements on registered investment advisers with proxy voting authority. Due to the nature of the Registrant’s investment strategy, equity securities will generally not be a large portion of the investments of any Client. Nevertheless, because the Registrant generally has discretionary authority over the securities held by the Clients, the Registrant is viewed as having proxy voting authority over such securities. Accordingly, the Registrant is subject to the Proxy Voting Rule. To meet its obligations under this rule, the Registrant has adopted written Proxy Voting Policies and Procedures, which are available upon request. These policies and procedures are reasonably designed to ensure that the Registrant votes proxies in the best interest of the Clients and addresses how it will resolve any conflict of interest that may arise when voting proxies.

## **Item 18 – Financial Information**

The Registrant is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its Clients.

## **GSO / BLACKSTONE DEBT FUNDS MANAGEMENT LLC**

345 Park Avenue  
New York, NY 10154  
+1 (212) 503-2100  
[www.blackstone.com](http://www.blackstone.com)

April 1, 2013

Form ADV, Part 2B – the “Brochure Supplement” – as required by the Investment Advisers Act of 1940 (the “**Advisers Act**”) provides additional information about GSO / Blackstone Debt Funds Management LLC’s (the “**Registrant**”) supervised persons who provide advisory services or have discretionary authority over your investments, including education/business experience, disciplinary history (if any), and other business activities.

Please contact Joseph Soares, GSO Investor Relations at (212) 503-2165 ([Joe.Soares@gsocap.com](mailto:Joe.Soares@gsocap.com)) if you have any questions about the contents of this Brochure Supplement.

## Item 1 – Cover Page

*This brochure supplement provides information about Bennett J. Goodman that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soaresh@gsocap.com](mailto:Joe.Soaresh@gsocap.com), if you have any questions about the contents of this supplement.*

Mr. Goodman's contact information is:

Bennett J. Goodman  
Senior Managing Director  
GSO / Blackstone Debt Fund Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[Bennett.Goodman@gsocap.com](mailto:Bennett.Goodman@gsocap.com)  
(212) 503-2101

April 1, 2013

## Item 2 – Educational Background and Business Experience

Bennett J. Goodman

Year of Birth: 1957

Education: Lafayette College, BS, 1979  
Harvard Graduate School of Business Management, MBA, 1984

Background: 2005 – Present Co-Founder & Senior Managing Director,  
GSO Capital Partners LP

### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. Goodman. DFM is obligated to disclose any disciplinary event that would be material to you.

#### **Item 4 – Other Business Activities**

Mr. Goodman is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of DFM  
Senior Managing Director; Member, Executive Committee
2. GSO Capital Partners LP, parent of DFM  
Senior Managing Director; Member, Investment Committee
3. GSO Capital Advisors LLC, DFM affiliate  
Senior Managing Director; Member, Investment Committee
4. Blackstone Debt Advisors L.P., DFM affiliate  
Senior Managing Director, The Blackstone Group L.P.
5. Blackstone Mezzanine Advisors L.P., DFM affiliate  
Senior Managing Director, The Blackstone Group L.P.
6. Blackstone Mezzanine Advisors II L.P., DFM affiliate  
Senior Managing Director, The Blackstone Group L.P.

## **Item 5 – Additional Compensation**

Not applicable.



## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of the Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over GSO, including with respect to Mr. Goodman. Mr. Schwarzman can be contacted at (212) 583-5823.

## **Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.

## Item 1 – Cover Page

*This brochure supplement provides information about J. Albert Smith that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soares@gsocap.com](mailto:Joe.Soares@gsocap.com), if you have any questions about the contents of this supplement.*

Mr. Smith's contact information is:

J. Albert Smith  
Senior Managing Director  
GSO / Blackstone Debt Fund Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[Tripp.Smith@gsocap.com](mailto:Tripp.Smith@gsocap.com)  
(212) 503-2102

April 1, 2013

## **Item 2 – Educational Background and Business Experience**

J. Albert Smith

Year of Birth: 1965

Education: University of Notre Dame, BBA, 1987

Background: 2005 – Present      Co-Founder & Senior Managing Director,  
GSO Capital Partners LP

### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. Smith. DFM is obligated to disclose any disciplinary event that would be material to you.

#### **Item 4 – Other Business Activities**

Mr. Smith is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of DFM  
Senior Managing Director
2. GSO Capital Partners LP, parent of DFM  
Senior Managing Director; Member, Investment Committee
3. GSO Capital Advisors LLC, DFM affiliate  
Senior Managing Director; Member, Investment Committee
4. Blackstone Debt Advisors L.P., DFM affiliate  
Senior Managing Director, The Blackstone Group L.P.
5. Blackstone Mezzanine Advisors L.P., DFM affiliate  
Senior Managing Director, The Blackstone Group L.P.
6. Blackstone Mezzanine Advisors II L.P., DFM affiliate  
Senior Managing Director, The Blackstone Group L.P.

## **Item 5 – Additional Compensation**

Not applicable.

## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of the Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over GSO, including with respect to Mr. Smith. Mr. Schwarzman can be contacted at (212) 583-5823.



## **Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.

## Item 1 – Cover Page

***This brochure supplement provides information about Douglas I. Ostrover that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soaresh@gsocap.com](mailto:Joe.Soaresh@gsocap.com), if you have any questions about the contents of this supplement.***

Mr. Ostrover's contact information is:

Douglas I. Ostrover  
Senior Managing Director  
GSO / Blackstone Debt Funds Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[Doug.Ostrover@gsocap.com](mailto:Doug.Ostrover@gsocap.com)  
(212) 503-2103

April 1, 2013

## **Item 2 – Educational Background and Business Experience**

Douglas I. Ostrover

Year of Birth: 1962

Education: University of Pennsylvania, BA, 1984  
New York University, MBA, 1987

Background: 2005 – Present Co-Founder & Senior Managing Director,  
GSO Capital Partners LP

### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. Ostrover. DFM is obligated to disclose any disciplinary event that would be material to you.

#### **Item 4 – Other Business Activities**

Mr. Ostrover is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of DFM  
Senior Managing Director
2. GSO Capital Partners LP, parent of DFM  
Senior Managing Director; Member, Investment Committee
3. GSO Capital Advisors LLC, DFM affiliate  
Senior Managing Director; Member, Investment Committee
4. Blackstone Debt Advisors L.P., DFM affiliate  
Senior Managing Director, The Blackstone Group L.P.
5. Blackstone Mezzanine Advisors L.P., DFM affiliate  
Senior Managing Director, The Blackstone Group L.P.
6. Blackstone Mezzanine Advisors II L.P., DFM affiliate  
Senior Managing Director, The Blackstone Group L.P.

## **Item 5 – Additional Compensation**

Not applicable.

## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of the Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over GSO, including with respect to Mr. Ostrover. Mr. Schwarzman can be contacted at (212) 583-5823.

## **Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.



## Item 1 – Cover Page

*This brochure supplement provides information about James M. Didden, Jr. that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soaresh@gsocap.com](mailto:Joe.Soaresh@gsocap.com), if you have any questions about the contents of this supplement.*

Mr. Didden's contact information is:

James M. Didden, Jr.  
Senior Managing Director  
GSO / Blackstone Debt Fund Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[James.Didden@gsocap.com](mailto:James.Didden@gsocap.com)  
(212) 503-2123

April 1, 2013

## **Item 2 – Educational Background and Business Experience**

James M. Didden, Jr.

Year of Birth: 1967

Education: Boston College, BA, 1989  
American University Law School, JD, 1995  
New York University School of Law, LLM – Tax, 1996

Background: 2005 – Present Senior Managing Director,  
GSO Capital Partners LP

### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. Didden. DFM is obligated to disclose any disciplinary event that would be material to you.

#### **Item 4 – Other Business Activities**

Mr. Didden is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of DFM  
Senior Managing Director
2. GSO Capital Partners LP, parent of DFM  
Senior Managing Director; Member, Investment Committee
3. GSO Capital Advisors LLC, DFM affiliate  
Senior Managing Director; Member, Investment Committee

## **Item 5 – Additional Compensation**

Not applicable.

## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of the Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over GSO, including with respect to Mr. Didden. Mr. Schwarzman can be contacted at (212) 583-5823.

## **Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.

## Item 1 – Cover Page

*This brochure supplement provides information about Daniel H. Smith, Jr. that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soares@gsocap.com](mailto:Joe.Soares@gsocap.com), if you have any questions about the contents of this supplement.*

Mr. Smith's contact information is:

Daniel H. Smith, Jr.  
Senior Managing Director  
GSO / Blackstone Debt Fund Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[Dan.Smith@gsocap.com](mailto:Dan.Smith@gsocap.com)  
(212) 503-2141

April 1, 2013



## Item 2 – Educational Background and Business Experience

Daniel H. Smith, Jr.

Year of Birth: 1963

Education: University of Southern California, BS, 1985  
J.L. Kellogg Graduate School of Management  
at Northwestern University, Masters in Management, 1990

Background: 2005 – Present Senior Managing Director; Co-Head of  
GSO Debt Fund Group,  
GSO Capital Partners LP

### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. Smith. DFM is obligated to disclose any disciplinary event that would be material to you.

#### **Item 4 – Other Business Activities**

Mr. Smith is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of DFM  
Senior Managing Director
2. GSO Capital Advisors LLC, DFM affiliate  
Senior Managing Director; Member, Investment Committee
3. Blackstone Debt Advisors L.P., DFM affiliate  
Senior Managing Director, The Blackstone Group L.P.;  
Member, Investment Committee

## **Item 5 – Additional Compensation**

Not applicable.

## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of the Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over GSO, including with respect to Mr. Smith. Mr. Schwarzman can be contacted at (212) 583-5823.

## **Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.



## Item 1 – Cover Page

*This brochure supplement provides information about Lee M. Shaiman that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soaresh@gsocap.com](mailto:Joe.Soaresh@gsocap.com), if you have any questions about the contents of this supplement.*

Mr. Shaiman's contact information is:

Lee M. Shaiman  
Managing Director  
GSO / Blackstone Debt Fund Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[Lee.Shaiman@gsocap.com](mailto:Lee.Shaiman@gsocap.com)  
(212) 503-2137

April 1, 2013



## Item 2 – Educational Background and Business Experience

Lee M. Shaiman

Year of Birth: 1956

Education: Rutgers University, BA, 1978  
Wharton School of the University of Pennsylvania, MS, 1979

Background: 2005 – Present      Managing Director,  
GSO Capital Partners LP

### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. Shaiman. DFM is obligated to disclose any disciplinary event that would be material to you.

#### **Item 4 – Other Business Activities**

Mr. Shaiman is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of DFM  
Managing Director
2. GSO Capital Advisors LLC, DFM affiliate  
Managing Director; Member, Investment Committee

## **Item 5 – Additional Compensation**

Not applicable.

## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of the Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over GSO, including with respect to Mr. Shaiman. Mr. Schwarzman can be contacted at (212) 583-5823.

## **Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.

## Item 1 – Cover Page

*This brochure supplement provides information about Daniel T. McMullen that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soaresh@gsocap.com](mailto:Joe.Soaresh@gsocap.com), if you have any questions about the contents of this supplement.*

Mr. McMullen's contact information is:

Daniel T. McMullen  
Managing Director  
GSO / Blackstone Debt Fund Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[Daniel.McMullen@gsocap.com](mailto:Daniel.McMullen@gsocap.com)  
(212) 503-2083

April 1, 2013

## **Item 2 – Educational Background and Business Experience**

Daniel T. McMullen

Year of Birth: 1971

Education: University of Rochester, BA, 1994

Background: 2002 – Present      Managing Director  
The Blackstone Group / GSO Capital Partners LP



### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. McMullen. DFM is obligated to disclose any disciplinary event that would be material to you.

#### **Item 4 – Other Business Activities**

Mr. McMullen is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of DFM  
Managing Director
2. GSO Capital Advisors, DFM affiliate  
Managing Director; Member, Investment Committee

## **Item 5 – Additional Compensation**

Not applicable.

## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of the Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over GSO, including with respect to Mr. McMullen. Mr. Schwarzman can be contacted at (212) 583-5823.

## **Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.

## Item 1 – Cover Page

*This brochure supplement provides information about Robert Zable that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soaresh@gsocap.com](mailto:Joe.Soaresh@gsocap.com), if you have any questions about the contents of this supplement.*

Mr. Zable's contact information is:

Robert Zable  
Managing Director  
GSO / Blackstone Debt Fund Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[Robert.Zable@gsocap.com](mailto:Robert.Zable@gsocap.com)  
(212) 503-6980

April 1, 2013

## **Item 2 – Educational Background and Business Experience**

Robert Zable

Year of Birth: 1972

Education: Cornell University, BS, 1995  
Wharton School of the University of Pennsylvania, MBA, 2001

Background: 2007 – Present      Managing Director  
The Blackstone Group / GSO Capital Partners LP

### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. Zable. DFM is obligated to disclose any disciplinary event that would be material to you.



#### **Item 4 – Other Business Activities**

Mr. Zable is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of DFM  
Managing Director
2. GSO Capital Advisors, DFM affiliate  
Managing Director; Member, Investment Committee

## **Item 5 – Additional Compensation**

Not applicable.

## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of the Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over GSO, including with respect to Mr. Zable. Mr. Schwarzman can be contacted at (212) 583-5823.

## **Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.

## Item 1 – Cover Page

*This brochure supplement provides information about Alan Kerr that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soaresh@gsocap.com](mailto:Joe.Soaresh@gsocap.com), if you have any questions about the contents of this supplement.*

Mr. Kerr's contact information is:

Alan Kerr  
Senior Managing Director  
GSO / Blackstone Debt Fund Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[Alan.Kerr@gsocap.com](mailto:Alan.Kerr@gsocap.com)  
+353 1 436 0107

April 1, 2013

## **Item 2 – Educational Background and Business Experience**

Alan Kerr

Year of Birth: 1971

Education: University College Dublin, BA, 1993  
University College Dublin, Masters in Accounting, 1994

Background: 2012 – Present      Senior Managing Director  
The Blackstone Group / GSO Capital Partners LP

### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. Kerr. DFM is obligated to disclose any disciplinary event that would be material to you.

#### **Item 4 – Other Business Activities**

Mr. Kerr is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of DFM  
Senior Managing Director
2. GSO Capital Advisors LLC, DFM affiliate  
Senior Managing Director; Member, Investment Committee



## **Item 5 – Additional Compensation**

Not applicable.

## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of the Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over GSO, including with respect to Mr. Kerr. Mr. Schwarzman can be contacted at (212) 583-5823.

## **Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.

## Item 1 – Cover Page

***This brochure supplement provides information about Mark Moffat that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soares@gsocap.com](mailto:Joe.Soares@gsocap.com), if you have any questions about the contents of this supplement.***

Mr. Moffat's contact information is:

Mark Moffat  
Senior Managing Director  
GSO / Blackstone Debt Fund Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[Mark.Moffat@gsocap.com](mailto:Mark.Moffat@gsocap.com)  
+353 1 436 0124

April 1, 2013

## **Item 2 – Educational Background and Business Experience**

Mark Moffat

Year of Birth: 1966

Education: Nottingham University, BA, 1987

Background: 2012 – Present      Senior Managing Director  
The Blackstone Group / GSO Capital Partners LP

### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. Moffat. DFM is obligated to disclose any disciplinary event that would be material to you.

#### **Item 4 – Other Business Activities**

Mr. Moffat is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of DFM  
Senior Managing Director
3. GSO Capital Advisors, DFM affiliate  
Senior Managing Director; Member, Investment Committee

## **Item 5 – Additional Compensation**

Not applicable.



## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of the Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over GSO, including with respect to Mr. Moffat. Mr. Schwarzman can be contacted at (212) 583-5823.

## **Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.

## Item 1 – Cover Page

*This brochure supplement provides information about Brad Marshall that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soares@gsocap.com](mailto:Joe.Soares@gsocap.com), if you have any questions about the contents of this supplement.*

Mr. Marshall's contact information is:

Brad Marshall  
Managing Director  
GSO / Blackstone Debt Fund Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[Brad.Marshall@gsocap.com](mailto:Brad.Marshall@gsocap.com)  
(212) 503-2143

April 1, 2013

## **Item 2 – Educational Background and Business Experience**

### Brad Marshall

Year of Birth: 1972

Education: Queen's University, BA, 1995  
McGill University, MBA, 2001

Background: 2005 – Present      Managing Director  
The Blackstone Group / GSO Capital Partners LP

### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. Marshall. DFM is obligated to disclose any disciplinary event that would be material to you.

#### **Item 4 – Other Business Activities**

Mr. Marshall is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of DFM  
Managing Director
4. GSO Capital Partners LP, parent of DFM  
Managing Director; Member, Investment Committee

## **Item 5 – Additional Compensation**

Not applicable.

## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of the Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over GSO, including with respect to Mr. Marshall. Mr. Schwarzman can be contacted at (212) 583-5823.



## **Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.

**Item 1 – Cover Page**

***This brochure supplement provides information about Louis Salvatore that supplements GSO / Blackstone Debt Funds Management LLC's ("DFM") Form ADV, Part 2 (brochure). Please contact Joseph Soares, GSO Investor Relations, at (212) 503-2165; [Joe.Soares@gsocap.com](mailto:Joe.Soares@gsocap.com), if you have any questions about the contents of this supplement.***

Mr. Salvatore's contact information is:

Louis Salvatore  
Senior Managing Director  
GSO / Blackstone Debt Funds Management LLC  
c/o GSO Capital Partners LP  
345 Park Avenue, 31<sup>st</sup> Floor  
New York, NY 10154  
[Lou.Salvatore@gsocap.com](mailto:Lou.Salvatore@gsocap.com)  
(212) 503-2172

April 1, 2013

Louis Salvatore

Year of Birth: 1969

Education: Cornell University, BA, 1992  
Wharton School, University of Pennsylvania, MBA, 1996

Background: 2005 – Present Senior Managing Director; Head of Portfolio Management  
GSO Capital Partners LP

Year of Birth: 1969

Background: 2005 – Present      Senior Managing Director; Head of Portfolio Management  
GSO Capital Partners LP

### **Item 3 – Disciplinary Information**

DFM does not have any legal or other disciplinary item to report to you involving Mr. Salvatore. DFM is obligated to disclose any disciplinary event that would be material to you.

#### **Item 4 – Other Business Activities**

Mr. Salvatore is not actively engaged in any investment-related business or occupation outside of DFM other than listed below:

1. The Blackstone Group L.P., ultimate parent of GSO  
Senior Managing Director
2. GSO Capital Partners LP, parent of DFM  
Senior Managing Director; Member, Investment Committee

**Item 5 – Additional Compensation**

Not applicable.

## **Item 6 – Supervision**

All investment allocations and redemptions relating to the Funds are subject to the approval of DFM's Investment Committee.

Although not involved in the day to day operations of DFM, Stephen A. Schwarzman, Chairman and Chief Executive Officer of The Blackstone Group L.P., may in certain circumstances exercise control over DFM, including with respect to Mr. Salvatore. Mr. Schwarzman can be contacted at (212) 583-5823.

**Item 7 - Requirements for State-Registered Advisors**

Not applicable as DFM is not registered with individual states.