UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED March 31, 2015

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 001-14788

Blackstone Mortgage Trust, Inc.

(Exact name of Registrant as specified in its charter)

Maryland	**94-6181186**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

345 Park Avenue, 42nd Floor

New York, New York 10154

(Address of principal executive offices)(Zip Code)

(212) 655-0220

(Registrant s telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of the Registrant s outstanding shares of class A common stock, par value $0.01 per share, as of April 21, 2015 was 81,451,211.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Blackstone Mortgage Trust, Inc.

Consolidated Balance Sheets (Unaudited)

(in thousands, except share and per share data)

	March 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$ 18,474	$ 51,810
Restricted cash	26,890	11,591
Loans receivable, net	4,943,383	4,428,500
Equity investments in unconsolidated subsidiaries	11,570	10,604
Accrued interest receivable, prepaid expenses, and other assets	85,381	86,016
Total assets	$ 5,085,698	$ 4,588,521
Liabilities and Equity		
Accounts payable, accrued expenses, and other liabilities	$ 62,862	$ 61,013
Revolving repurchase facilities	2,241,630	2,040,783
Asset-specific repurchase agreements	407,203	324,553
Loan participations sold	708,845	499,433
Convertible notes, net	162,460	161,853
Total liabilities	3,583,000	3,087,635
Equity		
Class A common stock, $0.01 par value, 100,000,000 shares authorized, 58,451,077 and 58,269,889 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively	585	583
Additional paid-in capital	2,030,760	2,027,404
Accumulated other comprehensive loss	(31,756)	(15,024)
Accumulated deficit	(542,654)	(547,592)
Total Blackstone Mortgage Trust, Inc. stockholders equity	1,456,935	1,465,371
Non-controlling interests	45,763	35,515
Total equity	1,502,698	1,500,886
Total liabilities and equity	$ 5,085,698	$ 4,588,521

See accompanying notes to consolidated financial statements.

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Blackstone Mortgage Trust, Inc.

Consolidated Statements of Operations (Unaudited)

(in thousands, except share and per share data)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Income from loans and other investments		
Interest and related income	$ 63,407	$ 33,656
Less: Interest and related expenses	24,161	12,074
Income from loans and other investments, net	39,246	21,582
Other expenses		
Management and incentive fees	6,671	3,397
General and administrative expenses	7,663	3,199
Total other expenses	14,334	6,596
Unrealized gain (loss) on investments at fair value	17,476	(1,339)
Income from equity investments in unconsolidated subsidiaries	3,950	
Income before income taxes	46,338	13,647
Income tax provision	245	531
Net income	46,093	13,116
Net income attributable to non-controlling interests	(10,700)	(51)
Net income attributable to Blackstone Mortgage Trust, Inc.	$ 35,393	$ 13,065
Net income per share of common stock		
Basic	$ 0.60	$ 0.34
Diluted	$ 0.60	$ 0.34
Weighted-average shares of common stock outstanding		
Basic	58,576,025	37,967,365
Diluted	58,576,025	37,967,365
Dividends Declared per share of common stock	$ 0.52	$ 0.48

See accompanying notes to consolidated financial statements.

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Blackstone Mortgage Trust, Inc.

Consolidated Statements of Comprehensive Income (Unaudited)

(in thousands)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Net income	$ 46,093	$ 13,116
Other comprehensive income:		
Unrealized (loss) gain on foreign currency remeasurement	(16,732)	36
Comprehensive income	29,361	13,152
Comprehensive income attributable to non-controlling interests	(10,700)	(51)
Comprehensive income attributable to Blackstone Mortgage Trust, Inc.	$ 18,661	$ 13,101

See accompanying notes to consolidated financial statements.

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Blackstone Mortgage Trust, Inc.

Consolidated Statements of Changes in Equity (Unaudited)

(in thousands)

	Blackstone Mortgage Trust, Inc.						
	Class A Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance at December 31, 2013	$ 295	$ 1,252,986	$ 798	$ (536,170)	$ 717,909	$ 38,841	$ 756,750
Shares of class A common stock issued, net	99	255,994			256,093		256,093
Restricted class A common stock earned	(1)	1,741			1,740		1,740
Deferred directors compensation		139			139		139
Other comprehensive income			36		36		36
Net income				13,065	13,065	51	13,116
Dividends declared on common stock				(18,899)	(18,899)		(18,899)
Distributions to non-controlling interests						(575)	(575)
Balance at March 31, 2014	$ 393	$ 1,510,860	$ 834	$ (542,004)	$ 970,083	$ 38,317	$ 1,008,400
Balance at December 31, 2014	$ 583	$ 2,027,404	$ (15,024)	$ (547,592)	$ 1,465,371	$ 35,515	$ 1,500,886
Shares of class A common stock issued, net	2				2		2
Restricted class A common stock earned		3,202			3,202		3,202
Dividends reinvested		60		(57)	3		3
Deferred directors compensation		94			94		94

Other comprehensive loss			(16,732)		(16,732)		(16,732)
Net income				35,393	35,393	10,700	46,093
Dividends declared on common stock				(30,398)	(30,398)		(30,398)
Distributions to non-controlling interests						(452)	(452)
Balance at March 31, 2015	$ 585	$ 2,030,760	$ (31,756)	$ (542,654)	$ 1,456,935	$ 45,763	$ 1,502,698

See accompanying notes to consolidated financial statements.

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Blackstone Mortgage Trust, Inc.

Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

	Three Months Ended March 31, 2015	2014
Cash flows from operating activities		
Net income	$ 46,093	$ 13,116
Adjustments to reconcile net income to net cash provided by operating activities		
Unrealized (gain) loss on investments at fair value	(17,476)	1,339
Income from equity investments in unconsolidated subsidiaries	(3,950)	
Non-cash compensation expense	6,104	1,970
Amortization of deferred interest on loans	(5,717)	(3,470)
Amortization of deferred financing costs and premiums/discount on debt obligations	3,519	1,625
Changes in assets and liabilities, net		
Accrued interest receivable, prepaid expenses, and other assets	2,021	(2,051)
Accounts payable, accrued expenses, and other liabilities	1,819	2,510
Net cash provided by operating activities	32,413	15,039
Cash flows from investing activities		
Originations and fundings of loans receivable	(903,152)	(740,236)
Origination and exit fees received on loans receivable	6,078	7,121
Principal collections and proceeds from the sale of loans receivable and other assets	348,153	76,562
Increase in restricted cash	(15,299)	(581)
Net cash used in investing activities	(564,220)	(657,134)
Cash flows from financing activities		
Borrowings under revolving repurchase facilities	588,980	760,462
Repayments under revolving repurchase facilities	(379,235)	(315,862)
Borrowings under asset-specific repurchase agreements	99,162	
Repayments under asset-specific repurchase agreements	(8,320)	(23,250)
Repayment of other liabilities		(787)
Proceeds from sales of loan participations	256,000	
Repayment of loan participations	(28,164)	
Payment of deferred financing costs	(3,053)	(2,217)
Settlement of forward contracts	4,141	
Distributions to non-controlling interests	(452)	(575)
Proceeds from issuance of class A common stock	3	256,093
Dividends paid on class A common stock	(30,300)	(13,276)

Net cash provided by financing activities		498,762		660,588
Net (decrease) increase in cash and cash equivalents		(33,045)		18,493
Cash and cash equivalents at beginning of period		51,810		52,342
Effects of currency translation on cash and cash equivalents		(291)		(1)
Cash and cash equivalents at end of period	$	18,474	$	70,834
Supplemental disclosure of cash flows information				
Payments of interest	$	(18,996)	$	(7,629)
Payments of income taxes	$	(129)	$	(1,160)
Supplemental disclosure of non-cash investing and financing activities				
Dividends declared, not paid	$	(30,398)	$	(18,899)
Participations sold, net	$	227,836	$	

See accompanying notes to consolidated financial statements.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements

(Unaudited)

1. ORGANIZATION

References herein to Blackstone Mortgage Trust, Company, we, us or our refer to Blackstone Mortgage Tru and its subsidiaries unless the context specifically requires otherwise.

Blackstone Mortgage Trust is a real estate finance company that originates and purchases senior loans collateralized by properties in North America and Europe. We are externally managed by BXMT Advisors L.L.C., or our Manager, a subsidiary of The Blackstone Group L.P., or Blackstone, and are a real estate investment trust, or REIT, traded on the New York Stock Exchange, or NYSE, under the symbol BXMT. We are headquartered in New York City.

We conduct our operations as a REIT for U.S. federal income tax purposes. We generally will not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our net taxable income to stockholders and maintain our qualification as a REIT. We also operate our business in a manner that permits us to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or the Investment Company Act. We are organized as a holding company and conduct our business primarily through our various subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, for interim financial information and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The consolidated financial statements, including the notes thereto, are unaudited and exclude some of the disclosures required in audited financial statements. Management believes it has made all necessary adjustments, consisting of only normal recurring items, so that the consolidated financial statements are presented fairly and that estimates made in preparing its consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. The accompanying unaudited consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the Securities and Exchange Commission.

Basis of Presentation

The accompanying consolidated financial statements include, on a consolidated basis, our accounts, the accounts of our wholly-owned subsidiaries, majority-owned subsidiaries, and variable interest entities, or VIEs, of which we are the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation. Certain of the assets and credit of our consolidated subsidiaries are not available to satisfy the debt or other obligations of us, our affiliates, or other entities.

One of our subsidiaries, CT Legacy Partners, LLC, or CT Legacy Partners, accounts for its operations in accordance with industry-specific GAAP accounting guidance for investment companies, pursuant to which it reports its investments at fair value. We have retained this accounting treatment in consolidation and, accordingly, report the loans and other investments of CT Legacy Partners at fair value on our consolidated balance sheets.

Certain reclassifications have been made in the presentation of the prior period consolidated statement of cash flows to conform to the current period presentation.

Principles of Consolidation

We consolidate all entities that we control through either majority ownership or voting rights. In addition, we consolidate all VIEs of which we are considered the primarily beneficiary. VIEs are defined as entities in which equity investors (i) do not have the characteristics of a controlling financial interest and/or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The entity that consolidates a VIE is known as its primary beneficiary and is generally the entity with (i) the power to direct the activities that most significantly affect the VIE s economic performance and (ii) the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE.

As of December 31, 2014, we no longer had any assets or liabilities on our consolidated balance sheet attributable to a consolidated VIE.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates.

Revenue Recognition

Interest income from our loans receivable is recognized over the life of each investment using the effective interest method and is recorded on the accrual basis. Recognition of fees, premiums, discounts, and direct costs associated with these investments is deferred until the loan is advanced and is then recorded over the term of the loan as an adjustment to yield. Income accrual is generally suspended for loans at the earlier of the date at which payments become 90 days past due or when, in the opinion of our Manager, recovery of income and principal becomes doubtful. Income is then recorded on the basis of cash received until accrual is resumed when the loan becomes contractually current and performance is demonstrated to be resumed.

Cash and Cash Equivalents

Cash and cash equivalents represent cash held in banks, cash on hand, and liquid investments with original maturities of three months or less. We may have bank balances in excess of federally insured amounts; however, we deposit our cash and cash equivalents with high credit-quality institutions to minimize credit risk exposure. We have not experienced, and do not expect, any losses on our cash or cash equivalents.

Restricted Cash

We classify the cash balances held by CT Legacy Partners as restricted because, while these cash balances are available for use by CT Legacy Partners for its operations, they cannot be used by us until our allocable share is distributed from CT Legacy Partners and cannot be commingled with any of our unrestricted cash balances.

Loans Receivable and Provision for Loan Losses

We originate and purchase commercial real estate debt and related instruments generally to be held as long-term investments at amortized cost. We are required to periodically evaluate each of these loans for possible impairment. Impairment is indicated when it is deemed probable that we will not be able to collect all amounts due to us pursuant to the contractual terms of the loan. If a loan is determined to be impaired, we write down the loan through a charge to the provision for loan losses. Impairment of these loans, which are collateral dependent, is measured by comparing the estimated fair value of the underlying collateral to the book value of the respective loan. These valuations require significant judgments, which include assumptions regarding capitalization rates, leasing, creditworthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders, and other factors deemed necessary by our Manager. Actual losses, if any, could ultimately differ from these estimates.

Our Manager performs a quarterly review of our portfolio of loans. In conjunction with this review, our Manager assesses the risk factors of each loan, and assigns a risk rating based on a variety of factors, including, without limitation, loan-to-value ratio, debt yield, property type, geographic and local market dynamics, physical condition, cash flow volatility, leasing and tenant profile, loan structure and exit plan, and project sponsorship. Based on a 5-point scale, our loans are rated 1 through 5, from less risk to greater risk, which ratings are defined as follows:

1 - Very Low Risk

2 - Low Risk

3 - Medium Risk

4 - High Risk/Potential for Loss: A loan that has a risk of realizing a principal loss.

5 - Impaired/Loss Likely: A loan that has a very high risk of realizing a principal loss or has otherwise incurred a principal loss.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

Equity Investments in Unconsolidated Subsidiaries

Our carried interest in CT Opportunity Partners I, LP, or CTOPI, is accounted for using the equity method. CTOPI s assets and liabilities are not consolidated into our financial statements due to our determination that (i) it is not a VIE and (ii) the other investors in CTOPI have sufficient rights to preclude consolidation by us. As such, we report our allocable percentage of the net assets of CTOPI on our consolidated balance sheets. The recognition of income from CTOPI is generally deferred until cash is collected or appropriate contingencies have been eliminated.

Derivative Financial Instruments

We classify all derivative financial instruments as other assets or other liabilities on our consolidated balance sheets at fair value.

On the date we enter into a derivative contract, we designate each contract as (i) a hedge of a net investment in a foreign operation, or net investment hedge, (ii) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability, or cash flow hedge, (iii) a hedge of a recognized asset or liability, or fair value hedge, or (iv) a derivative instrument not to be designated as a hedging derivative, or freestanding derivative. For all derivatives other than those designated as freestanding derivatives, we formally document our hedge relationships and designation at inception. This documentation includes the identification of the hedging instruments and the hedged items, its risk management objectives, strategy for undertaking the hedge transaction and our evaluation of the effectiveness of its hedged transaction.

On a quarterly basis, we also formally assess whether the derivative we designated in each hedging relationship is expected to be, and has been, highly effective in offsetting changes in the value or cash flows of the hedged items. If it is determined that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued. Changes in the fair value of the effective portion of our hedges are reflected in accumulated other comprehensive income (loss) on our consolidated financial statements. Changes in the fair value of the ineffective portion of our hedges are included in net income (loss). Amounts are reclassified out of accumulated other comprehensive income (loss) and into net income (loss) when the hedged item is either sold or substantially liquidated. To the extent a derivative does not qualify for hedge accounting and is deemed a freestanding derivative, the changes in its value are included in net income (loss).

Repurchase Agreements

We record investments financed with repurchase agreements as separate assets and the related borrowings under any repurchase agreements are recorded as separate liabilities on our consolidated balance sheets. Interest income earned on the investments and interest expense incurred on the repurchase agreements are reported separately on our consolidated statements of operations.

Loan Participations Sold

Loan participations sold represent senior interests in certain loans that we sold, however, we present such loan participations sold as liabilities because these arrangements do not qualify as sales under GAAP. These participations are non-recourse and remain on our consolidated balance sheet until the loan is repaid. The gross presentation of loan participations sold does not impact stockholders equity or net income.

Convertible Notes

The Debt with Conversion and Other Options Topic of the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or Codification, requires the liability and equity components of convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement, to be separately accounted for in a manner that reflects the issuer s nonconvertible debt borrowing rate. The initial proceeds from the sale of convertible notes are allocated between a liability component and an equity component in a manner that reflects interest expense at the rate of similar nonconvertible debt that could have been issued at such time. The equity component represents the excess initial proceeds received over the fair value of the liability component of the notes as of the date of issuance. We measured the estimated fair value of the debt component of our convertible notes as of the issuance date based on our nonconvertible debt borrowing rate. The equity component of the convertible notes is reflected within additional paid-in capital on our consolidated balance sheet, and the resulting debt discount is amortized over the period during which the convertible notes are expected to be outstanding (through the maturity date) as additional non-cash interest expense. The additional non-cash interest expense attributable to the convertible notes will increase in subsequent periods through the maturity date as the notes accrete to their par value over the same period.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

Deferred Financing Costs

The deferred financing costs that are included in accrued interest receivable, prepaid expenses, and other assets on our consolidated balance sheets include issuance and other costs related to our debt obligations. These costs are amortized as interest expense using the effective interest method over the life of the related obligations.

Fair Value of Financial Instruments

The Codification defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements under GAAP. Specifically, this guidance defines fair value based on exit price, or the price that would be received upon the sale of an asset or the transfer of a liability in an orderly transaction between market participants at the measurement date.

The Fair Value Measurement and Disclosures Topic of the Codification also establishes a fair value hierarchy that prioritizes and ranks the level of market price observability used in measuring financial instruments. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument, and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination, as follows:

Level 1: Generally includes only unadjusted quoted prices that are available in active markets for identical financial instruments as of the reporting date.

Level 2: Pricing inputs include quoted prices in active markets for similar instruments, quoted prices in less active or inactive markets for identical or similar instruments where multiple price quotes can be obtained, and other observable inputs, such as interest rates, yield curves, credit risks, and default rates.

Level 3: Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. These inputs require significant judgment or estimation by management of third parties when determining fair value and generally represent anything that does not meet the criteria of Levels 1 and 2.

The estimated value of each asset reported at fair value using Level 3 inputs is determined by an internal committee composed of members of senior management of our Manager, including our Chief Executive Officer, Chief Financial

Officer, and other senior officers.

Certain of our other assets are reported at fair value either (i) on a recurring basis, as of each quarter-end, or (ii) on a nonrecurring basis, as a result of impairment or other events. Our assets that are recorded at fair value are discussed further in Note 12. We generally value our assets recorded at fair value by either (i) discounting expected cash flows based on assumptions regarding the collection of principal and interest and estimated market rates, or (ii) obtaining assessments from third-party dealers. For collateral-dependent loans that are identified as impaired, we measure impairment by comparing our Manager s estimation of fair value of the underlying collateral, less costs to sell, to the book value of the respective loan. These valuations may require significant judgments, which include assumptions regarding capitalization rates, leasing, creditworthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders, and other factors deemed necessary by our Manager.

We are also required by GAAP to disclose fair value information about financial instruments, that are not otherwise reported at fair value in our consolidated balance sheet, to the extent it is practicable to estimate a fair value for those instruments. These disclosure requirements exclude certain financial instruments and all non-financial instruments.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

The following methods and assumptions are used to estimate the fair value of each class of financial instruments, for which it is practicable to estimate that value:

Cash and cash equivalents: The carrying amount of cash on deposit and in money market funds approximates fair value.

Restricted cash: The carrying amount of restricted cash approximates fair value.

Loans receivable, net: The fair values for these loans were estimated by our Manager taking into consideration factors, including capitalization rates, leasing, occupancy rates, availability and cost of financing, exit plan, sponsorship, actions of other lenders, and indications of market value from other market participants. In the case of impaired loans receivable, fair value was determined based on the lower of amortized cost and the value of the underlying real estate collateral.

Derivative financial instruments: The fair value of our foreign currency contracts was valued using advice from a third party derivative specialist, based on contractual cash flows and observable inputs comprising foreign currency rates and credit spreads.

Repurchase obligations: The fair values for these instruments were estimated based on the rate at which a similar credit facility would have currently priced.

Convertible notes, net: The convertible notes are actively traded and their fair values were obtained using quoted market prices based on recent transactions.

Participations sold: The fair value of these instruments were estimated based on the value of the related loan receivable asset.

Income Taxes

Our financial results generally do not reflect provisions for current or deferred income taxes on our REIT taxable income. We believe that we operate in a manner that will continue to allow us to be taxed as a REIT and, as a result, we generally do not expect to pay substantial corporate level taxes other than those payable by our taxable REIT subsidiaries. If we were to fail to meet these requirements, we may be subject to federal, state, and local income tax on current and past income, and penalties. Refer to Note 10 for additional information.

Stock-Based Compensation

Our stock-based compensation consists of awards issued to our Manager and certain of its employees that vest over the life of the awards as well as deferred stock units issued to certain members of our Board of Directors. Stock-based compensation expense is recognized for these awards in net income on a variable basis over the applicable vesting period of the awards, based on the value of our class A common stock. Refer to Note 11 for additional information.

Earnings per Share

Basic earnings per share, or Basic EPS, is computed in accordance with the two-class method and is based on the net earnings allocable to our class A common stock, including restricted class A common stock and deferred stock units, divided by the weighted-average number of shares of class A common stock, including restricted class A common stock and deferred stock units outstanding during the period. Our restricted class A common stock is considered a participating security, as defined by GAAP, and has been included in our Basic EPS under the two-class method as these restricted shares have the same rights as our other shares of class A common stock, including participating in any gains or losses.

Diluted earnings per share, or Diluted EPS, is determined using the treasury stock method, and is based on the net earnings allocable to our class A common stock, including restricted class A common stock and deferred stock units, divided by the weighted-average number of shares of class A common stock, including restricted class A common stock and deferred stock units. Refer to Note 8 for additional discussion of earnings per share.

Foreign Currency

In the normal course of business, we enter into transactions not denominated in United States, or U.S., dollars. Foreign exchange gains and losses arising on such transactions are recorded as a gain or loss in our consolidated

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

statements of operations. In addition, we consolidate entities that have a non-U.S. dollar functional currency. Non-U.S. dollar denominated assets and liabilities are translated to U.S. dollars at the exchange rate prevailing at the reporting date and income, expenses, gains, and losses are translated at the prevailing exchange rate on the dates that they were recorded. Cumulative translation adjustments arising from the translation of non-U.S. dollar denominated subsidiaries are recorded in other comprehensive income.

Underwriting Commissions and Offering Costs

Underwriting commissions and offering costs incurred in connection with common stock offerings are reflected as a reduction of additional paid-in capital. Costs incurred that are not directly associated with the completion of a common stock offering are expensed when incurred.

Segment Reporting

We previously operated our business through two segments, the Loan Origination segment and the CT Legacy Portfolio segment. In the first quarter of 2015, as a result of asset resolutions in our CT Legacy Portfolio, our Manager determined that the CT Legacy Portfolio segment was no longer a distinct and separately managed business. Accordingly, we no longer present segment reporting.

Recent Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-03, Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, or ASU 2015-03. ASU 2015-03 simplifies the presentation of debt issuance costs by amending the accounting guidance to require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability. The amendments presented in ASU 2015-03 are consistent with the accounting guidance related to debt discounts. ASU 2015-03 is effective for the first interim or annual period beginning after December 15, 2015. Early adoption is permitted, and we are currently assessing the impact of ASU 2015-03 on our consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, or ASU 2015-02. ASU 2015-02 amends the guidance related to accounting for the consolidation of certain legal entities. The modifications made in ASU 2015-02 impact limited partnerships and similar legal entities, the evaluation of (i) fees paid to a decision maker or a service provider as a variable interest, (ii) fee arrangements, and (iii) related parties on the primary beneficiary determination. ASU 2015-02 is effective for the first interim or annual period beginning after December 15, 2015. We do not anticipate that the adoption of ASU 2015-02 will have a material impact on our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements Going Concern (Subtopic 2015-40): Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern, or ASU 2014-15. ASU 2014-15 introduces an explicit requirement for management to assess and provide certain disclosures if there is substantial doubt about an entity s ability to continue as a going concern. ASU 2014-15 is effective for the annual period ending after December 15, 2016. We do not anticipate that the adoption of ASU 2014-15 will have a material impact on our consolidated financial statements.

In June 2014, the FASB issued ASU 2014-11, Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures, or ASU 2014-11. ASU 2014-11 amends the accounting guidance for repurchase-to-maturity transactions and repurchase agreements executed as repurchase financings, and requires additional disclosure about certain transactions by the transferor. ASU 2014-11 is effective for certain transactions that qualify for sales treatment for the first interim or annual period beginning after December 15, 2014. The new disclosure requirements for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions that qualify for secured borrowing treatment is effective for annual periods beginning after December 15, 2014, and for interim periods beginning after March 15, 2015. We have historically recorded our repurchase arrangements as secured borrowings and, accordingly, the adoption of ASU 2014-11 did not have a material impact on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), or ASU 2014-09. ASU 2014-09 broadly amends the accounting guidance for revenue recognition. ASU 2014-09 is effective for the first interim or annual period beginning after December 15, 2016, and is to be applied prospectively. We do not anticipate that the adoption of ASU 2014-09 will have a material impact on our consolidated financial statements.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

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3. LOANS RECEIVABLE

The following table details overall statistics for our loans receivable portfolio ($ in thousands):

	March 31, 2015	December 31, 2014
Number of loans	60	60
Principal balance	$ 4,977,468	$ 4,462,897
Net book value	$ 4,943,383	$ 4,428,500
Unfunded loan commitments(1)	$ 550,012	$ 513,229
Weighted-average cash coupon(2)	L+4.26%	L+4.36%
Weighted-average all-in yield(2)	L+4.68%	L+4.81%
Weighted-average maximum maturity (years)(3)	3.7	3.9

(1) Unfunded commitments will primarily be funded to finance property improvements or lease-related expenditures by the borrowers. These future commitments will expire over the next four years.

(2) As of March 31, 2015, our floating rate loans and related liabilities were indexed to the various benchmark rates relevant in each case in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition, 8% of our loans earned interest based on LIBOR floors, with an average floor of 0.24%, as of March 31, 2015. In addition to cash coupon, all-in yield includes the amortization of deferred origination fees, loan origination costs, and accrual of both extension and exit fees.

(3) Maximum maturity assumes all extension options are exercised by the borrower, however our loans may be repaid prior to such date. As of March 31, 2015, 83% of our loans are subject to yield maintenance, lock-out provisions, or other prepayment restrictions and 17% are open to repayment by the borrower.

Activity relating to our loans receivable was ($ in thousands):

	Principal Balance	Deferred Fees and Other Items	Net Book Value
December 31, 2014	$ 4,462,897	$ (34,397)	$ 4,428,500
Loan fundings	903,152		903,152
Loan repayments and sales	(333,113)		(333,113)
Unrealized loss on foreign currency translation	(55,468)	673	(54,795)
		(6,078)	(6,078)

Deferred origination fees and expenses						
Amortization of deferred fees and expenses				5,717		5,717
March 31, 2015	$	4,977,468	$	(34,085)	$	4,943,383

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The tables below detail the types of loans in our loan portfolio, as well as the property type and geographic distribution of the properties securing these loans ($ in thousands):

	March 31, 2015		December 31, 2014	
Asset Type	**Net Book Value**	**Percentage**	**Net Book Value**	**Percentage**
Senior loans[1]	$ 4,909,214	99%	$ 4,340,586	98%
Subordinate loans[2]	34,169	1	87,914	2
	$ 4,943,383	100%	$ 4,428,500	100%

Property Type	**Net Book Value**	**Percentage**	**Net Book Value**	**Percentage**
Office	$ 2,516,133	51%	$ 1,878,605	42%
Hotel	1,269,408	26	1,267,486	29
Multifamily	414,807	8	426,094	10
Condominium	252,065	5	315,686	7
Retail	218,620	4	270,812	6
Other	272,350	6	269,817	6
	$ 4,943,383	100%	$ 4,428,500	100%

Geographic Location	**Net Book Value**	**Percentage**	**Net Book Value**	**Percentage**
United States				
Northeast	$ 1,508,339	31%	$ 1,383,258	31%
West	756,791	15	628,275	14
Southeast	666,938	13	657,484	15
Northwest	416,234	8	138,796	3
Midwest	389,586	8	335,406	8
Southwest	377,964	8	405,741	9
Subtotal	4,115,852	83	3,548,960	80
International				
United Kingdom	603,306	12	622,692	14
Canada	117,355	2	137,024	3

Spain	76,954	2	86,289	2
Netherlands	29,916	1	33,535	1
Subtotal	827,531	17	879,540	20
Total	$ 4,943,383	100%	$ 4,428,500	100%

(1) Includes senior mortgages and similar credit quality loans, including related contiguous subordinate loans, and pari passu participations in senior mortgage loans.

(2) Includes subordinate interests in mortgages and mezzanine loans.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

Loan Risk Ratings

As further described in Note 2, our Manager evaluates our loan portfolio on a quarterly basis. In conjunction with our quarterly loan portfolio review, our Manager assesses the risk factors of each loan, and assigns a risk rating based on several factors. Factors considered in the assessment include, but are not limited to, risk of loss, current LTV, collateral performance, structure, exit plan, and sponsorship. Loans are rated 1 (less risk) through 5 (greater risk), which ratings are defined in Note 2.

The following table allocates the principal balance and net book value of our loans receivable based on our internal risk ratings ($ in thousands):

	March 31, 2015			December 31, 2014		
Risk Rating	Number of Loans	Principal Balance	Net Book Value	Number of Loans	Principal Balance	Net Book Value
1	4	$ 405,957	$ 401,840	5	$ 209,961	$ 209,112
2	45	3,741,108	3,717,453	44	3,339,972	3,313,906
3	11	830,403	824,090	11	912,964	905,482
4 - 5						
	60	$ 4,977,468	$ 4,943,383	60	$ 4,462,897	$ 4,428,500

We do not have any loan impairments, nonaccrual loans, or loans in maturity default as of March 31, 2015 or December 31, 2014.

4. EQUITY INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES

As of March 31, 2015, our equity investments in unconsolidated subsidiaries consisted solely of our carried interest in CTOPI, a fund sponsored and managed by an affiliate of our Manager. Activity relating to our equity investments in unconsolidated subsidiaries was ($ in thousands):

	CTOPI Carried Interest
Total as of December 31, 2014	$ 10,604
Deferred income allocation[(1)]	966

Total as of March 31, 2015	$	11,570

(1) In instances where we have not received cash or all appropriate contingencies have not been eliminated, we have deferred the recognition of promote revenue allocated to us from CTOPI in respect of our carried interest in CTOPI, and recorded an offsetting liability as a component of accounts payable, accrued expenses, and other liabilities on our consolidated balance sheets.

Our carried interest in CTOPI entitles us to earn promote revenue in an amount equal to 17.7% of the fund s profits, after a 9% preferred return and 100% return of capital to the CTOPI partners. As of March 31, 2015, we had been allocated $11.6 million of promote revenue from CTOPI based on a hypothetical liquidation of the fund at its net asset value. Accordingly, we have recognized this allocation as an equity investment in CTOPI on our consolidated balance sheets. Generally, we defer recognition of income from CTOPI until cash is received or earned, pending distribution, and appropriate contingencies have been eliminated. During the three months ended March 31, 2015, we recognized $3.9 million of promote income from CTOPI in respect of our carried interest and recorded such amount as income in our consolidated statement of operations. This carried interest was earned and was available in cash at CTOPI pending distribution as of March 31, 2015.

CTOPI Incentive Management Fee Grants

In January 2011, we created a management compensation pool for employees equal to 45% of the CTOPI promote distributions received by us. As of March 31, 2015, we had granted 96% of the pool, and the remainder was unallocated. If any awards remain unallocated at the time promote distributions are received by us, any amounts otherwise payable to the unallocated awards will be distributed pro rata to the plan participants then employed by an affiliate of our Manager.

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Notes to Consolidated Financial Statements (continued)

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Approximately 65% of these grants have the following vesting schedule: (i) one-third on the date of grant; (ii) one-third on September 13, 2012; and (iii) the remainder is contingent on continued employment with an affiliate of our Manager and upon our receipt of promote distributions from CTOPI. Of the remaining 35% of these grants, 31% are fully vested as a result of an acceleration event, and 4% vest solely upon our receipt of promote distributions from CTOPI or the disposition of certain investments owned by CTOPI.

During the three months ended March 31, 2015, we accrued $1.8 million under the CTOPI incentive plan, which amount was recognized as a component of general and administrative expenses in our consolidated statement of operations.

5. SECURED FINANCINGS

As of March 31, 2015, our secured financings included revolving repurchase facilities, asset-specific financings, and senior loan participations sold. During the three months ended March 31, 2015, we increased the maximum facility size of three of our revolving repurchase facilities, entered into one asset-specific repurchase agreement, and sold one senior loan participation, providing an additional $1.1 billion of credit capacity.

Repurchase Agreements

Revolving Repurchase Facilities

The following table details our revolving repurchase facilities ($ in thousands):

	March 31, 2015					Dec. 31, 2014
			Repurchase Borrowings(3)			
Lender	**Maximum Facility Size(1)**	**Collateral Assets(2)**	**Potential**	**Outstanding**	**Available**	**Borrowings Outstanding**
Wells Fargo	$ 1,000,000	$ 837,372	$ 654,656	$ 515,103	$ 139,553	$ 484,365
JP Morgan(4)	739,147	741,916	580,899	513,813	67,086	341,487
Bank of America	750,000	501,041	397,700	397,033	667	389,347
MetLife	750,000	527,611	409,178	347,943	61,235	305,889
Citibank	500,000	625,053	474,103	340,511	133,592	392,455
Morgan Stanley(5)	370,250	171,590	135,125	127,227	7,898	127,240
	$ 4,109,397	$ 3,404,583	$ 2,651,661	$ 2,241,630	$ 410,031	$ 2,040,783

(1) Maximum facility size represents the total amount of borrowings in each repurchase agreement, however these borrowings are only available to us once sufficient collateral assets have been pledged under each facility at the discretion of the lender.
(2) Represents the principal balance of the collateral assets.
(3) Potential borrowings represent the total amount we could draw under each facility based on collateral already approved and pledged. When undrawn, these amounts are immediately available to us at our sole discretion under the terms of each revolving credit facility.
(4) The JP Morgan maximum facility size is composed of a $250.0 million facility and a £153.0 million ($226.6 million) facility, and $262.5 million related solely to a specific asset with a repurchase date of January 9, 2018.
(5) The Morgan Stanley maximum facility size represents a £250.0 million ($370.3 million) facility.

The weighted-average outstanding balance of our revolving repurchase facilities was $2.3 billion for the three months ended March 31, 2015. As of March 31, 2015, we had aggregate borrowings of $2.2 billion outstanding under our revolving repurchase facilities, with a weighted-average cash coupon of LIBOR plus 1.87% per annum and a weighted-average all-in cost of credit, including associated fees and expenses, of LIBOR plus 2.09% per annum. As of March 31, 2015, outstanding borrowings under these facilities had a weighted-average maturity, excluding extension options and term-out provisions, of 1.7 years. Borrowings under each facility are subject to the initial approval of eligible collateral loans by the lender and the maximum advance rate and pricing rate of individual advances are determined with reference to the attributes of the respective collateral loan.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

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The following table outlines the key terms of our revolving repurchase facilities:

Lender	Rate(1)(2)	Guarantee(1)(3)	Advance Rate(1)	Margin Call(4)	Term/Maturity
Wells Fargo	L+1.82%	25%	79.18%	Collateral marks only	Term matched(5)
JP Morgan	L+1.87%	25%	80.09%	Collateral marks only	Term matched(5)(6)
Bank of America	L+1.80%	50%	79.54%	Collateral marks only	May 21, 2019(7)
MetLife	L+1.81%	50%	77.82%	Collateral marks only	February 24, 2021(8)
Citibank	L+1.92%	25%	76.64%	Collateral marks only	Term matched(5)
Morgan Stanley	L+2.32%	25%	78.75%	Collateral marks only	March 3, 2017

(1) Represents a weighted-average based on collateral assets pledged and borrowings outstanding as of March 31, 2015.
(2) Represents weighted-average cash coupon on borrowings outstanding as of March 31, 2015. As of March 31, 2015, our floating rate loans and related liabilities were indexed to the various benchmark rates relevant in each case in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate.
(3) Other than amounts guaranteed based on specific collateral asset types, borrowings under our revolving repurchase facilities are not recourse to us.
(4) Margin call provisions under our revolving repurchase facilities do not permit valuation adjustments based on capital markets activity, and are limited to collateral-specific credit marks.
(5) These revolving repurchase facilities have various availability periods during which new advances can be made and which are generally subject to each lender s discretion. Maturity dates for advances outstanding are tied to the term of each respective collateral asset.
(6) Borrowings denominated in British pound sterling under this facility mature on January 7, 2018.
(7) Includes two one-year extension options which may be exercised at our sole discretion.
(8) Includes five one-year extension options which may be exercised at our sole discretion.

Asset-Specific Repurchase Agreements

The following table details statistics for our asset-specific repurchase agreements ($ in thousands):

	March 31, 2015		December 31, 2014	
	Repurchase Agreements	Collateral Assets	Repurchase Agreements	Collateral Assets
Number of loans	4	5	3	4
Principal balance	$ 407,203	$ 539,043	$ 324,553	$ 429,197

Weighted-average cash coupon[1]	L+2.75%	L+5.21%	L+2.68%	L+5.07%
Weighted-average cost / all-in yield[1]	L+3.20%	L+5.70%	L+3.16%	L+5.53%

(1) As of March 31, 2015, our floating rate loans and related liabilities were indexed to the various benchmark rates relevant in each case in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition to cash coupon, all-in yield / cost includes the amortization of deferred origination fees / financing costs.

The weighted-average outstanding balance of our asset-specific repurchase agreements was $338.6 million for the three months ended March 31, 2015.

Debt Covenants

Each of the guarantees related to our revolving repurchase facilities and asset-specific repurchase agreements contain the following uniform financial covenants: (i) our ratio of earnings before interest, taxes, depreciation, and amortization, or EBITDA, to fixed charges shall be not less than 1.40 to 1.0; (ii) our tangible net worth, as defined in the agreements, shall not be less than $1.1 billion as of March 31, 2015 plus 75% of the net cash proceeds of future equity issuances subsequent to March 31, 2015; (iii) cash liquidity shall not be less than the greater of (x) $10.0 million or (y) 5% of our recourse indebtedness; and (iv) our indebtedness shall not exceed 83.33% of our total assets. As of March 31, 2015 and December 31, 2014, we were in compliance with these covenants.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

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Loan Participations Sold

The financing of a loan by the non-recourse sale of a senior interest in the loan through a participation agreement does not qualify as a sale under GAAP. Therefore, in the instance of such sales, we present the whole loan as an asset and the loan participation sold as a liability on our consolidated balance sheet until the loan is repaid. The gross presentation of loan participations sold does not impact stockholders equity or net income.

The following table details statistics for our loan participations sold ($ in thousands):

	March 31, 2015		December 31, 2014	
	Participations Sold	Underlying Loans	Participations Sold	Underlying Loans
Number of loans	4	4	4	4
Principal balance	$ 708,845	$ 879,043	$ 499,433	$ 635,701
Weighted-average cash coupon(1)	L+2.40%	L+4.06%	L+2.51%	L+4.10%
Weighted-average all-in cost / yield(1)	L+2.68%	L+4.36%	L+2.71%	L+4.71%

(1) As of March 31, 2015, our floating rate loans and related liabilities were indexed to the various benchmark rates relevant in each case in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition to cash coupon, all-in cost / yield includes the amortization of deferred origination fees / financing costs.

6. CONVERTIBLE NOTES, NET

In November 2013, we issued $172.5 million of 5.25% convertible senior notes due on December 1, 2018, or Convertible Notes. The Convertible Notes issuance costs are amortized through interest expense over the life of the Convertible Notes using the effective interest method. Including this amortization, our all-in cost of the Convertible Notes is 5.87% per annum. As of March 31, 2015, the Convertible Notes were carried on our consolidated balance sheet at $162.5 million, net of an unamortized discount of $6.9 million.

The Convertible Notes are convertible at the holders option into shares of our class A common stock, only under specific circumstances, prior to the close of business on August 31, 2018, at the applicable conversion rate in effect on the conversion date. Thereafter, the Convertible Notes are convertible at the option of the holder at any time until the second scheduled trading day immediately preceding the maturity date. The Convertible Notes were not convertible as of March 31, 2015. The conversion rate was initially set to equal 34.8943 shares of class A common stock per $1,000 principal amount of Convertible Notes, which is equivalent to an initial conversion price of $28.66 per share of class A common stock, subject to adjustment upon the occurrence of certain events. We may not redeem the Convertible Notes prior to maturity. As of March 31, 2015, the conversion option value was zero based on the price of our class A common stock of $28.37. In addition, we had the intent and ability to settle the Convertible Notes in cash. As a result, the Convertible Notes did not have any impact on our diluted earnings per share.

We recorded a $9.1 million discount upon issuance of the Convertible Notes based on the implied value of the conversion option and an assumed effective interest rate of 6.50%. Including the amortization of this discount and the issuance costs, our total cost of the Convertible Notes is 7.16% per annum. During the three months ended March 31, 2015, we incurred total interest on our convertible notes of $2.9 million, of which $2.3 million related to cash coupon and $630,000 related to the amortization of discount and certain issuance costs. During the three months ended March 31, 2014, we incurred total interest on our convertible notes of $2.9 million, of which $2.3 million related to cash coupon and $592,000 related to the amortization of discount and certain issuance costs. Refer to Note 2 for additional discussion of our accounting policies for the Convertible Notes.

7. DERIVATIVE FINANCIAL INSTRUMENTS

We enter into derivative financial instruments to achieve certain risk management objectives. Currently, we use derivative financial instruments to manage, or hedge, the variability in the carrying value of certain of our net investments in consolidated, foreign currency-denominated subsidiaries caused by the fluctuations in foreign currency exchange rates. For derivatives that are designated and qualify as a hedge of net investment in a foreign currency, the gain or loss is reported in other comprehensive income as part of the cumulative translation adjustment to the extent it is effective. Any ineffective portion of a net investment hedge is recognized in the consolidated statement of operations. For derivatives that are not designated as hedging instruments, the gain or loss is recognized in the consolidated statement of operations during the current period.

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As of and during the three months ended March 31, 2015, we had net investment hedges related to our investment in a Canadian dollar-denominated subsidiary which consisted of two forward contracts to sell Canadian dollars for United States dollars at agreed upon rates in May 2015. These foreign currency contracts had an aggregate notional value of CAD 44.0 million, and a fair value of $351,000 which is included as a component of accrued interest receivable, prepaid expenses, and other assets on our consolidated balance sheet. In addition, we had offsetting contracts to both sell and buy Canadian dollars in an amount of CAD 4.46 million in exchange for United States dollars in May 2015. The purpose of this contract was to effectively terminate part of a pre-existing contract. Due to the fact that these contracts offset, there was no gain or loss recognized in the consolidated statement of operations related to these contracts.

The following table summarizes the fair value of our derivative financial instruments ($ in thousands):

	Fair Value of Derivatives in an Asset Position as of[1]		Fair Value of Derivatives in a Liability Position as of[2]	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Derivatives designated as hedging instruments:				
Foreign exchange contracts	$ 351	$ 1,138	$	$
Total derivatives designated as hedging instruments	351	1,138		
Derivatives not designated as hedging instruments:				
Foreign exchange contracts[3]	36		52	
Total derivatives not designated as hedging instruments			52	
Total Derivatives	$ 387	$ 1,138	$ 52	$

(1) Included in accrued interest receivable, prepaid expenses, and other assets in our consolidated balance sheet.
(2) Included in accounts payable, accrued expenses, and other liabilities in our consolidated balance sheet.
(3) Balances represent offsetting contracts with the same counterparty, both with a settlement date of May 11, 2015.

The following table summarizes the impact of our derivative financial instruments on our consolidated statement of operations and consolidated statement of comprehensive income for the three months ended March 31, 2015 and 2014

($ in thousands):

Derivatives in Net Investment Hedging Relationships	**Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)(1)**		**Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)**	**Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)**	
	2015	**2014**		**2015**	**2014**
Foreign Exchange contracts	$ 3,337	$	Gain (Loss) on Sale of Subsidiary	$	$
Total	$ 3,337	$		$	$

(1) During the three months ended March 31, 2015 we received a cash settlement of $4.1 million on our foreign currency forward contracts.

We have entered into agreements with certain of our derivative counterparties that contain provisions where if we were to default on any of our indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, we may also be declared in default on our derivative obligations. In addition, certain of our agreements with our derivative counterparties require that we post collateral to secure net liability positions. As of March 31, 2015, we were in net asset positions with all of our derivative counterparties.

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8. EQUITY

Share and Share Equivalents

Authorized Capital

As of March 31, 2015, we had the authority to issue up to 200,000,000 shares of stock, consisting of 100,000,000 shares of class A common stock and 100,000,000 shares of preferred stock. Subject to applicable NYSE listing requirements, our board of directors is authorized to cause us to issue additional shares of authorized stock without stockholder approval. In addition, to the extent not issued, currently authorized stock may be reclassified between class A common stock and preferred stock. We do not have any shares of preferred stock issued and outstanding as of March 31, 2015. Refer to Note 15 for additional discussion of our authorized capital.

Class A Common Stock and Deferred Stock Units

Holders of shares of our class A common stock are entitled to vote on all matters submitted to a vote of stockholders and are entitled to receive such dividends as may be authorized by our board of directors and declared by us, in all cases subject to the rights of the holders of shares of outstanding preferred stock, if any.

We also issue restricted class A common stock under our stock-based incentive plans. Refer to Note 11 for additional discussion of these long-term incentive plans.

In addition to our class A common stock, we also issue deferred stock units to certain members of our board of directors in lieu of cash compensation for services rendered. These deferred stock units are non-voting, but carry the right to receive dividends in the form of additional deferred stock units in an amount equivalent to the cash dividends paid to holders of shares of class A common stock.

The following table details the movement in our outstanding shares of class A common stock, including restricted class A common stock and deferred stock units:

	Three Months Ended March 31,	
Common Stock Outstanding[1]	**2015**	**2014**
Beginning balance	58,388,808	29,602,884
Issuance of class A common stock	139	9,775,000
Issuance of restricted class A common stock, net	181,049	
Issuance of deferred stock units	5,414	4,955
Ending balance	58,575,410	39,382,839

(1) Deferred stock units held by members of our board of directors totalled 124,333 and 106,188 as of March 31, 2015 and 2014, respectively.

Dividend Reinvestment and Direct Stock Purchase Plan

On March 25, 2014, we adopted a dividend reinvestment and direct stock purchase plan, under which we registered and reserved for issuance, in the aggregate, 10,000,000 shares of class A common stock. Under the dividend reinvestment component of this plan, our class A common stockholders can designate all or a portion of their cash dividends to be reinvested in additional shares of class A common stock. The direct stock purchase component allows stockholders and new investors, subject to our approval, to purchase shares of class A common stock directly from us. During the three months ended March 31, 2015, we issued 139 shares of class A common stock under the dividend reinvestment component and zero shares under the direct stock purchase plan component. As of March 31, 2015, 9,999,855 shares of class A common stock, in the aggregate, remain available for issuance under the dividend reinvestment and direct stock purchase plan.

At the Market Stock Offering Program

On May 9, 2014, we entered into equity distribution agreements, or ATM Agreements, pursuant to which we may sell, from time to time, up to an aggregate sales price of $200.0 million of our class A common stock. Sales of class A common stock made pursuant to the ATM Agreements, if any, may be made in negotiated transactions or transactions that are deemed to be at the market offerings as defined in Rule 415 under the Securities Act of 1933, as amended. Actual sales will depend on a variety of factors including market conditions, the trading price of our

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class A common stock, our capital needs, and our determination of the appropriate sources of funding to meet such needs. We did not sell any shares of our class A common stock under the ATM Agreements during the three months ended March 31, 2015. As of March 31, 2015, sales of our class A common stock with an aggregate sales price of $197.2 million remain available for issuance under the ATM Agreements.

Dividends

We generally intend to distribute substantially all of our taxable income, which does not necessarily equal net income as calculated in accordance with GAAP, to our stockholders each year to comply with the REIT provisions of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code.

Our dividend policy remains subject to revision at the discretion of our board of directors. All distributions will be made at the discretion of our board of directors and will depend upon our taxable income, our financial condition, our maintenance of REIT status, applicable law, and other factors as our board of directors deems relevant.

On March 16, 2015, we declared a dividend of $0.52 per share, or $30.4 million, which was paid on April 15, 2015 to stockholders of record as of March 31, 2015. On March 14, 2014, we declared dividends of $0.48 per share, or $18.9 million, which was paid on April 15, 2014 to stockholders of record as of March 31, 2014.

Earnings Per Share

We calculate our basic and diluted earnings per share using the two-class method for all periods presented as the unvested shares of our restricted class A common stock qualify as participating securities, as defined by GAAP. These restricted shares have the same rights as our other shares of class A common stock, including participating in any gains and losses, and therefore have been included in our basic and diluted net income per share calculation.

The following table sets forth the calculation of basic and diluted net income per share of class A common stock based on the weighted-average of both restricted and unrestricted class A common stock outstanding for the indicated periods ($ in thousands, except per share data):

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Net income[(1)]	$ 35,393	$ 13,065
Weighted-average shares outstanding, basic and diluted	58,576,025	37,967,365
Per share amount, basic and diluted	$ 0.60	$ 0.34

(1) Represents net income attributable to Blackstone Mortgage Trust, Inc.

Other Balance Sheet Items

Accumulated Other Comprehensive Loss

As of March 31, 2015, total accumulated other comprehensive loss was $31.8 million, representing the cumulative currency translation adjustment on assets and liabilities denominated in foreign currencies. As of December 31, 2014, total accumulated other comprehensive loss was $15.0 million, representing the cumulative currency translation adjustment on assets and liabilities denominated in a foreign currency.

Non-controlling Interests

The non-controlling interests included on our consolidated balance sheets represent the equity interests in CT Legacy Partners that are not owned by us. A portion of CT Legacy Partners consolidated equity and results of operations are allocated to these non-controlling interests based on their pro rata ownership of CT Legacy Partners. As of March 31, 2015, CT Legacy Partners total equity was $78.4 million, of which $32.6 million was owned by Blackstone Mortgage Trust, Inc., and $45.8 million was allocated to non-controlling interests.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

9. OTHER EXPENSES

Our other expenses consist of the management and incentive fees we pay to our Manager and our general and administrative expenses.

Management and Incentive Fees

Pursuant to our management agreement, our Manager earns a base management fee in an amount equal to 1.50% per annum multiplied by our outstanding Equity balance, as defined in the management agreement. In addition, our Manager is entitled to an incentive fee in an amount equal to the product of (i) 20% and (ii) the excess of (a) our Core Earnings (as defined in the management agreement) for the previous 12-month period over (b) an amount equal to 7.00% per annum multiplied by our outstanding Equity, provided that our Core Earnings over the prior three-year period (or the period since the date of the first offering of our class A common stock following December 19, 2012, whichever is shorter) is greater than zero. Core Earnings is generally equal to our net income (loss) prepared in accordance with GAAP, excluding (i) certain non-cash items and (ii) the net income (loss) related to our legacy portfolio.

During the three months ended March 31, 2015 and 2014, we incurred $5.5 million and $3.4 million of management fees payable to our Manager, respectively. During the three months ended March 31, 2015, we incurred $1.2 million of incentive fees payable to our Manager. We did not incur any incentive fees payable to our Manager during the three months ended March 31, 2014.

General and Administrative Expenses

General and administrative expenses consisted of the following ($ in thousands):

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Professional services	$ 795	$ 525
Operating and other costs	764	570
	1,559	1,095
Non-cash and CT Legacy Portfolio compensation expenses		
Management incentive awards plan - CTOPI[(1)]	1,777	
Management incentive awards plan - CT Legacy Partners[(2)]	1,030	136
Restricted class A common stock earned	3,203	1,740

Director stock-based compensation	94	94
	6,104	1,970
Expenses of consolidated securitization vehicles		134
	$ 7,663	$ 3,199

(1) Represents the portion of CTOPI promote revenue accrued under compensation awards. See Note 4 for further discussion.

(2) Represents the accrual of amounts payable under the CT Legacy Partners management incentive awards during the period. See below for discussion of the CT Legacy Partners management incentive awards plan.

CT Legacy Partners Management Incentive Awards Plan

In conjunction with our March 2011 restructuring, we created an employee pool for up to 6.75% of the distributions paid to the common equity holders of CT Legacy Partners (subject to certain caps and priority distributions). As of March 31, 2015, incentive awards for 94% of the pool have been granted, and the remainder was unallocated. If any awards remain unallocated at the time distributions are paid, any amounts otherwise payable to the unallocated awards will be distributed pro rata to the plan participants then employed by an affiliate of our Manager.

Approximately 53% of these grants have the following vesting schedule: (i) 25% on the date of grant; (ii) 25% in March 2013; (iii) 25% in March 2014; and (iv) the remainder is contingent on continued employment with an

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

affiliate of our Manager and our receipt of distributions from CT Legacy Partners. Of the remaining 47% of these grants, 29% are fully vested as a result of an acceleration event, and 18% vest only upon our receipt of distributions from CT Legacy Partners.

We accrue a liability for the amounts due under these grants based on the value of CT Legacy Partners and the periodic vesting of the awards granted. Accrued payables for these awards were $3.8 million and $2.8 million as of March 31, 2015 and December 31, 2014, respectively.

10. INCOME TAXES

We elected to be taxed as a REIT, effective January 1, 2003, under the Internal Revenue Code for U.S. federal income tax purposes. We generally must distribute annually at least 90% of our net taxable income, subject to certain adjustments and excluding any net capital gain, in order for U.S. federal income tax not to apply to our earnings that we distribute. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our net taxable income, we will be subject to U.S. federal income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws.

Our qualification as a REIT also depends on our ability to meet various other requirements imposed by the Internal Revenue Code, which relate to organizational structure, diversity of stock ownership, and certain restrictions with regard to the nature of our assets and the sources of our income. Even if we qualify as a REIT, we may be subject to certain U.S. federal income and excise taxes and state and local taxes on our income and assets. If we fail to maintain our qualification as a REIT for any taxable year, we may be subject to material penalties as well as federal, state, and local income tax on our taxable income at regular corporate rates and we would not be able to qualify as a REIT for the subsequent four full taxable years. As of March 31, 2015 and December 31, 2014, we were in compliance with all REIT requirements.

During the three months ended March 31, 2015 and 2014, we recorded a current income tax provision of $245,000 and $531,000, respectively, related to our taxable REIT subsidiaries as well as various state and local taxes. We did not have any deferred tax assets or liabilities as of March 31, 2015 or December 31, 2014.

As a result of our issuance of 25,875,000 shares of class A common stock in May 2013, the availability of our net operating losses, or NOLs, and net capital losses, or NCLs, is generally limited to $2.0 million per annum by change of control provisions promulgated by the Internal Revenue Service, or the IRS, with respect to the ownership of Blackstone Mortgage Trust. As of December 31, 2014, we had NOLs of $159.0 million and NCLs of $32.0 million available to be carried forward and utilized in current or future periods. If we are unable to utilize our NOLs, they will expire in 2029. If we are unable to utilize our NCLs, $31.4 million will expire in 2015, and $602,000 will expire in 2016 or later.

As of March 31, 2015, tax years 2010 through 2014 remain subject to examination by taxing authorities.

11. STOCK-BASED INCENTIVE PLANS

We do not have any employees as we are externally managed by our Manager. However, as of March 31, 2015, our Manager, certain individuals employed by an affiliate of our Manager, and certain members of our board of directors are compensated, in part, through the issuance of stock-based instruments.

We had stock-based incentive awards outstanding under five benefit plans as of March 31, 2015: (i) our amended and restated 1997 non-employee director stock plan, or 1997 Plan; (ii) our 2007 long-term incentive plan, or 2007 Plan; (iii) our 2011 long-term incentive plan, or 2011 Plan; (iv) our 2013 stock incentive plan, or 2013 Plan; and (v) our 2013 manager incentive plan, or 2013 Manager Plan. We refer to our 1997 Plan, our 2007 Plan, and our 2011 Plan collectively as our Expired Plans and we refer to our 2013 Plan and 2013 Manager Plan collectively as our Current Plans.

Our Expired Plans have expired and no new awards may be issued under them. Under our Current Plans, a maximum of 2,160,106 shares of our class A common stock may be issued to our Manager, our directors and officers, and certain employees of affiliates of our Manager. As of March 31, 2015, there were 752,856 shares available under the Current Plans.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

During the three months ended March 31, 2015, we issued 187,674 shares of restricted class A common stock under our Current Plans. These shares generally vest in quarterly installments over a three-year period, pursuant to the terms of the respective award agreements and the terms of the Current Plans. The 1,045,330 shares of restricted class A common stock outstanding as of March 31, 2015 will vest as follows: 402,559 shares will vest in 2015; 416,756 shares will vest in 2016; and 226,015 shares will vest in 2017.

The following table details the movement in our outstanding shares of restricted class A common stock and the weighted-average grant date fair value per share:

	Restricted Class A Common Stock	Weighted-Average Grant Date Fair Value Per Share
Balance as of December 31, 2014	919,719	$ 26.86
Granted	187,674	29.38
Vested	(55,438)	25.61
Forfeited	(6,625)	27.14
Balance as of March 31, 2015	1,045,330	$ 27.38

12. FAIR VALUES

Assets Recorded at Fair Value

The following table summarizes our assets measured at fair value on a recurring basis ($ in thousands):

	Level 1	Level 2	Level 3	Fair Value[(1)]
March 31, 2015				
Other assets, at fair value[(1)]	$	$ 1,712	$ 49,967	$ 51,679
December 31, 2014				
Other assets, at fair value[(1)]	$	$ 2,648	$ 47,507	$ 50,155

(1) Other assets include loans, securities, equity investments, and other receivables carried at fair value, as well as derivative financial instruments.

The following table reconciles the beginning and ending balances of assets measured at fair value on a recurring basis using Level 3 inputs ($ in thousands):

	Three Months Ended March 31, 2015	2014
January 1,	$ 47,507	$ 54,461
Proceeds from investments	(15,038)	(113)
Adjustments to fair value included in earnings		
Unrealized gain (loss) on investments at fair value	17,498	(1,331)
March 31,	$ 49,967	$ 53,017

Our other assets include loans, securities, equity investments, and other receivables that are carried at fair value. The following describes the key assumptions used in arriving at the fair value of each of these assets as of March 31, 2015 and December 31, 2014.

Securities: As of March 31, 2015, our securities, which had a book value of $9.9 million, were valued by obtaining assessments from third-party dealers.

Loans: As of March 31, 2015, we had one loan with a fair value of $4.0 million and as of December 31, 2014, we had two loans with an aggregate fair value of $19.0 million. The discount rate used to value the remaining loan was 15% as of both March 31, 2015 and December 31, 2014. The discount rate used to value the loan that was outstanding as of December 31, 2014, but that repaid during 2015, was 7% as of December 31, 2014. A 100 bp discount rate increase would result in a decrease in fair value of 0.9% and 0.5% as of March 31, 2015 and December 31, 2014, respectively.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

Equity investments and other receivables: As of March 31, 2015, equity investments and other receivables, which had an aggregate book value of $36.1 million, were generally valued by discounting expected cash flows.

There were no material liabilities recorded at fair value as of March 31, 2015 or December 31, 2014. Refer to Note 2 for further discussion regarding fair value measurement.

Fair Value of Financial Instruments

As discussed in Note 2, GAAP requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position, for which it is practicable to estimate that value. The following table details the carrying amount, face amount, and fair value of the financial instruments described in Note 2 ($ in thousands):

	March 31, 2015			December 31, 2014		
	Carrying Amount	Face Amount	Fair Value	Carrying Amount	Face Amount	Fair Value
Financial assets						
Cash and cash equivalents	$ 18,474	$ 18,474	$ 18,474	$ 51,810	$ 51,810	$ 51,810
Restricted cash	26,890	26,890	26,890	11,591	11,591	11,591
Loans receivable, net	4,943,383	4,977,468	4,977,468	4,428,500	4,462,897	4,462,897
Financial liabilities						
Revolving repurchase facilities	2,241,630	2,241,630	2,241,630	2,040,783	2,040,783	2,040,783
Asset-specific repurchase agreements	407,203	407,203	407,203	324,553	324,553	324,553
Loan participations sold	708,845	708,845	708,845	499,433	499,433	499,433
Convertible notes, net	162,460	172,500	180,852	161,853	172,500	181,341

Estimates of fair value for cash, cash equivalents and convertible notes are measured using observable, quoted market prices, or Level 1 inputs. All other fair value significant estimates are measured using unobservable inputs, or Level 3 inputs. See Note 2 for further discussion regarding fair value measurement of certain of our assets and liabilities.

13. TRANSACTIONS WITH RELATED PARTIES

We are managed by our Manager pursuant to a management agreement, the initial term of which expires on December 19, 2015 and will be automatically renewed for a one-year term each anniversary thereafter unless earlier terminated.

As of March 31, 2015, our consolidated balance sheet included $6.7 million of accrued management and incentive fees payable to our Manager. During the three months ended March 31, 2015, we paid $6.3 million of management and incentive fees to our Manager and reimbursed our Manager for $139,000 of expenses incurred on our behalf. In addition, as of March 31, 2015, our consolidated balance sheet includes $151,000 of preferred distributions payable by CT Legacy Partners to an affiliate of our Manager. During the three months ended March 31, 2015, CT Legacy Partners made aggregate preferred distributions of $452,000 to such affiliate.

On October 23, 2014, we issued 337,941 shares of restricted class A common stock with a fair value of $9.4 million as of the grant date to our Manager under the 2013 Manager Plan. On October 3, 2013, we issued 339,431 shares of restricted class A common stock with a grant date fair value of $8.5 million to our Manager under the 2013 Manager Plan. The shares of restricted class A common stock vest ratably in quarterly installments over three years from the date of issuance. During the three months ended March 31, 2015 and 2014, we recorded a non-cash expense related to these shares of $1.4 million and $859,000, respectively. Refer to Note 11 for further discussion of our restricted class A common stock.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

During the three months ended March 31, 2015, we incurred $18,000 of expenses to a third-party service provider for equity capital markets data services. This service provider was acquired by an affiliate of our Manager on August 6, 2014.

During the three months ended March 31, 2015, we incurred $37,000 of expenses to a third-party service provider for various administrative services that was owned by an affiliate of our Manager.

During the three months ended March 31, 2015, we incurred $20,000 of expenses to an affiliate of our Manager for various administrative services.

During the three months ended March 31, 2015, we originated a $320.0 million loan to a third-party. In conjunction with the origination, an affiliate of our Manager earned a modification fee of $354,000.

On March 27, 2015, a joint venture of CT Legacy Partners, certain affiliates of our Manager, and other non-affiliated parties, which we refer to as the Three-Pack JV, executed a binding agreement, subject to customary closing conditions, to sell a hotel portfolio it owns to an investment vehicle managed by an affiliate of our Manager. We consented to the sale of the hotel portfolio by the Three-Pack JV, which sale will result in the liquidation of the Three-Pack JV and distribution of net sale proceeds to CT Legacy Partners in respect of its investment therein. As of December 31, 2014, CT Legacy Partners carried its investment in the Three-Pack JV at $18.5 million. During the three months ended March 31, 2015, we recognized $17.6 million of unrealized gain on investments at fair value on our consolidated statement of operations to reflect the expected net sales proceeds to be received by CT Legacy Partners. Upon completion of the sale transaction certain former employees, including certain of our executive officers, will receive incentive compensation payments of an aggregate $2.4 million under the CT Legacy Partners Management Incentive Awards Plan, assuming net sale proceeds to CT Legacy Partners are equivalent to its $36.1 million carrying value as of March 31, 2015. See Note 9 for further discussion of the CT Legacy Partners Management Incentive Awards Plan.

Refer to Note 15 for a discussion of related party transactions subsequent to March 31, 2015.

14. COMMITMENTS AND CONTINGENCIES

Unfunded Commitments Under Loans Receivable

As of March 31, 2015, we had unfunded commitments of $550.0 million related to 40 loans receivable, which amounts will generally be funded to finance lease-related or capital expenditures by our borrowers. These future commitments will expire over the next four years.

Income Tax Audit of CTIMCO

The IRS is currently undergoing an examination of the federal income tax returns for the year ended December 31, 2012 of our former subsidiary, CT Investment Management Co., LLC, or CTIMCO. The examination is on-going, and no adjustments have been communicated to us by the IRS. When we sold CTIMCO in December 2012, we provided certain indemnifications related to its operations, and any amounts determined by the IRS to be owed by CTIMCO would ultimately be paid by us. As of March 31, 2015, there are no reserves recorded for the CTIMCO examination.

Litigation

In the normal course of business, we are subject to various legal proceedings and claims, the resolution of which, in our Manager s opinion, will not have a material adverse effect on our consolidated financial position or results of operations. As of March 31, 2015, there are no reserves recorded for pending litigation.

Board of Director s Compensation

As of March 31, 2015, of the eight members of our board of directors, five are entitled to annual compensation of $125,000 each. The other three board members, including our chairman and our chief executive officer, serve as directors with no compensation. As of March 31, 2015, the annual compensation for our directors was paid 40% in cash and 60% in the form of deferred stock units. In addition, the member of our board of directors that serves as the chairperson of the audit committee of our board of directors receives additional annual cash compensation of $12,000. Compensation to the board of directors is payable in four equal quarterly installments.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

15. SUBSEQUENT EVENTS

On April 8, 2015, our Board of Directors approved an amendment to our charter to increase the number of authorized shares of our stock from 200,000,000 to 300,000,000, including an increase in the authorized number of shares of our class A common stock from 100,000,000 to 200,000,000.

On April 10, 2015, we entered into an agreement, which we refer to as the Designation Agreement, to acquire a $4.6 billion portfolio of commercial mortgage loans, secured by properties located in North America and Europe, which we refer to as the Loan Portfolio, from General Electric Capital Corporation and certain of its affiliates. The purchase price for the Loan Portfolio is $4.4 billion, subject to certain adjustments, and we have agreed to assume $223.9 million of unfunded commitments. The acquisition is expected to close in stages beginning in the second quarter of 2015, subject to regulatory approval and the satisfaction or waiver of various closing conditions. Concurrently with our entry into the Designation Agreement, we also entered into an agreement with Wells Fargo that will, subject to customary terms and conditions, provide for $4.0 billion of secured financing. The closing of the Wells Fargo facility is subject to the negotiation, in good faith, and the execution and delivery of definitive documentation acceptable to the parties and certain other customary terms and conditions.

On April 17, 2015, we completed an underwritten public offering of 23,000,000 shares of our class A common stock, including 3,000,000 shares sold pursuant to the underwriters full exercise of their 30-day option to purchase additional sales. Net proceeds from the offering totaled $681.8 million and were received on April 17, 2015. We plan to use substantially all of the net proceeds from this offering to fund a portion of the purchase price for the Loan Portfolio acquisition, and for working capital and other general corporate purposes. In conjunction with the offering, affiliates of our Manager purchased 1,229,508 shares of our class A common stock, and employees of affiliates of our Manager, including certain of our executive officers and directors, purchased 655,737 shares of our class A common stock, in each case, at the same $30.50 per share price offered to the public. We did not, however, pay the underwriters any fees for these affiliate share purchases. Blackstone Capital Markets acted as a co-manager of the offering, for which it was compensated approximately $750,000.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References herein to Blackstone Mortgage Trust, Company, we, us, or our refer to Blackstone Mortgage Trust, Inc. and its subsidiaries unless the context specifically requires otherwise.

The following discussion should be read in conjunction with the unaudited consolidated financial statements and notes thereto appearing elsewhere in this quarterly report on Form 10-Q. In addition to historical data, this discussion contains forward-looking statements about our business, operations and financial performance based on current expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those in this discussion as a result of various factors, including but not limited to those discussed in Item 1A. Risk Factors in our annual report on Form 10-K for the year ended December 31, 2014 and elsewhere in this quarterly report on Form 10-Q.

Introduction

Blackstone Mortgage Trust is a real estate finance company that originates and purchases senior loans collateralized by properties in North America and Europe. We are externally managed by BXMT Advisors L.L.C., or our Manager, a subsidiary of The Blackstone Group L.P., or Blackstone, and are a real estate investment trust, or REIT, traded on the New York Stock Exchange, or NYSE, under the symbol BXMT. We are headquartered in New York City.

We conduct our operations as a REIT for U.S. federal income tax purposes. We generally will not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our net taxable income to stockholders and maintain our qualification as a REIT. We also operate our business in a manner that permits us to maintain an exclusion from registration under the Investment Company Act of 1940, as amended. We are organized as a holding company and conduct our business primarily through our various subsidiaries.

Loan Portfolio Acquisition

On April 17, 2015, we entered into an agreement, which we refer to as the Designation Agreement, to acquire a $4.6 billion portfolio of commercial mortgage loans, secured by properties located in North America and Europe, which we refer to as the Loan Portfolio, from General Electric Capital Corporation and certain of its affiliates. The purchase price for the Loan Portfolio is $4.4 billion, subject to certain adjustments, and we have agreed to assume $223.9 million of unfunded commitments. The acquisition is expected to close in stages beginning in the second quarter of 2015, subject to regulatory approval and the satisfaction or waiver of various closing conditions. Concurrently with our entry into the Designation Agreement, we also entered into an agreement with Wells Fargo that will, subject to customary terms and conditions, provide for $4.0 billion of secured financing. However, the closing of the Wells Fargo facility is subject to the negotiation, in good faith, and the execution and delivery of definitive documentation acceptable to the parties and certain other customary terms and conditions.

I. Key Financial Measures and Indicators

As a real estate finance company, we believe the key financial measures and indicators for our business are earnings per share, dividends declared, Core Earnings, and book value per share. For the three months ended March 31, 2015 we recorded earnings per share of $0.60, declared a dividend of $0.52 per share, and reported $0.54 per share of Core Earnings. In addition, our book value per share as of March 31, 2015 was $24.87. As further described below, Core Earnings is a measure that is not prepared in accordance with accounting principles generally accepted in the United

States of America, or GAAP. We use Core Earnings to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that are not necessarily indicative of our current loan origination activity and operations.

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Earnings Per Share and Dividends Declared

The following table sets forth the calculation of basic and diluted net income per share and the allocation of basic and diluted net income per share based on the weighted-average of our shares of class A common stock, restricted class A common stock, and deferred stock units outstanding ($ in thousands, except per share data):

	Three Months Ended	
	March 31, 2015	December 31, 2014
Net income[(1)]	$ 35,393	$ 21,490
Weighted-average shares outstanding, basic and diluted	58,576,025	58,190,324
Net income per share, basic and diluted	$ 0.60	$ 0.37
Dividends per share	$ 0.52	$ 0.52

(1) Represents net income attributable to Blackstone Mortgage Trust, Inc.

Core Earnings

Core Earnings is a non-GAAP measure, which we define as GAAP net income (loss), including realized gains and losses not otherwise included in GAAP net income (loss), and excluding (i) net income (loss) attributable to our CT Legacy Portfolio, (ii) non-cash equity compensation expense, (iii) incentive management fees, (iv) depreciation and amortization, (v) unrealized gains (losses), and (vi) certain non-cash items. Core Earnings may also be adjusted from time to time to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges as determined by our Manager, subject to approval by a majority of our independent directors.

We believe that Core Earnings provides meaningful information to consider in addition to our net income and cash flow from operating activities determined in accordance with GAAP. This adjusted measure helps us to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current Loan Origination portfolio and operations. We also use Core Earnings to calculate the incentive and base management fees due to our Manager under our management agreement and, as such, we believe that the disclosure of Core Earnings is useful to our investors.

Core Earnings does not represent net income or cash generated from operating activities and should not be considered as an alternative to GAAP net income, or an indication of our GAAP cash flows from operations, a measure of our liquidity, or an indication of funds available for our cash needs. In addition, our methodology for calculating Core Earnings may differ from the methodologies employed by other companies to calculate the same or similar supplemental performance measures, and accordingly, our reported Core Earnings may not be comparable to the Core Earnings reported by other companies.

The following table provides a reconciliation of Core Earnings to GAAP net income ($ in thousands, except share and per share data):

	Three Months Ended	
	March 31, 2015	**December 31, 2014**
Net income[1]	$ 35,393	$ 21,490
CT Legacy Portfolio net (income) loss	(8,400)	4,833
Non-cash compensation expense	3,297	2,528
Incentive management fees	1,212	817
Other items	342	408
Core Earnings	$ 31,844	$ 30,076
Weighted-average shares outstanding, basic and diluted	58,576,025	58,190,324
Core Earnings per share, basic and diluted	$ 0.54	$ 0.52

(1) Represents net income attributable to Blackstone Mortgage Trust, Inc.

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Book Value Per Share

The following table calculates our book value per share ($ in thousands, except share and per share data):

	March 31, 2015	December 31, 2014
Stockholders equity	$ 1,456,935	$ 1,465,371
Shares		
Class A common stock	57,405,747	57,350,170
Restricted class A common stock	1,045,330	919,719
Deferred stock units	124,333	118,919
	58,575,410	58,388,808
Book value per share	$ 24.87	$ 25.10

II. Loan Portfolio

During the quarter ended March 31, 2015, we funded $903.2 million under new and existing loan commitments and generated interest income of $63.4 million. Our loan originations were financed with $528.4 million of secured financings and $333.1 million of proceeds from loan principal repayments. We incurred interest expense of $24.2 million during the quarter, which resulted in $39.2 million of net interest income during the three months ended March 31, 2015.

Portfolio Overview

The following table details our loan origination activity ($ in thousands):

	Three Months Ended March 31, 2015		Three Months Ended December 31, 2014	
	Loan Commitments(2)	Loan Fundings(3)	Loan Commitments(2)	Loan Fundings(3)
Senior loans(1)	$ 937,050	$ 903,049	$ 780,880	$ 769,613
Subordinate loans		103		105
Total	$ 937,050	$ 903,152	$ 780,880	$ 769,718

(1) Includes senior mortgages and similar credit quality loans, including related contiguous subordinate loans, and pari passu participations in senior mortgage loans.
(2) Includes new originations and additional commitments made under existing loan agreements.
(3)

Loan fundings during the three months ended March 31, 2015 include $118.1 million of additional fundings under existing loan commitments as of December 31, 2014, and loan fundings during the three months ended December 31, 2014 include $108.4 million of additional fundings under existing loan commitments as of September 30, 2014.

As of March 31, 2015, the majority of our loans were senior mortgages and similar credit quality loans. The following table details overall statistics for our loan portfolio ($ in thousands):

	March 31, 2015	December 31, 2014
Number of loans	60	60
Principal balance	$ 4,977,468	$ 4,462,897
Net book value	$ 4,943,383	$ 4,428,500
Unfunded loan commitments(1)	$ 550,012	$ 513,229
Weighted-average cash coupon(2)	L+4.26%	L+4.36%
Weighted-average all-in yield(2)	L+4.68%	L+4.81%
Weighted-average maximum maturity (years)(3)	3.7	3.9

(1) Unfunded commitments will primarily be funded to finance property improvements or lease-related expenditures by the borrowers. These future commitments will expire over the next four years.
(2) As of March 31, 2015, our floating rate loans and related liabilities were indexed to the various benchmark rates relevant in each case in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition, 8% of our loans earned interest based on LIBOR floors, with an average floor of 0.24%, as of March 31, 2015. In addition to cash coupon, all-in yield includes the amortization of deferred origination fees, loan origination costs, and accrual of both extension and exit fees.
(3) Maximum maturity assumes all extension options are exercised by the borrower, however our loans may be repaid prior to such date. As of March 31, 2015, 83% of our loans are subject to yield maintenance, lock-out provisions, or other prepayment restrictions and 17% are open to repayment by the borrower.

The charts below detail the geographic distribution and types of properties securing these loans, as of March 31, 2015 ($ in millions):

Refer to section VI of this Item 2 for details of our loan portfolio, on a loan-by-loan basis.

Asset Management

We actively manage the investments in our loan portfolio and exercise the rights afforded to us as a lender, including collateral level budget approvals, lease approvals, loan covenant enforcement, escrow/reserve management/collection, collateral release approvals and other rights that we may negotiate.

As discussed in Note 2 to our consolidated financial statements, our Manager performs a quarterly review of our loan portfolio, assesses the performance of each loan, and assigns it a risk rating between 1 and 5, from less risk to greater risk. As of March 31, 2015, all of the investments in the loan portfolio are performing as expected and the weighted-average risk rating of our loan portfolio is 2.1.

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Secured Financings

Our secured financings included revolving repurchase facilities, asset-specific repurchase agreements, and loan participations sold. The following table details our revolving repurchase facilities outstanding ($ in thousands):

			March 31, 2015			Dec. 31, 2014
	Maximum	Collateral	Repurchase Borrowings[3]			Borrowings
Lender	Facility Size[1]	Assets[2]	Potential	Outstanding	Available	Outstanding
Wells Fargo	$ 1,000,000	$ 837,372	$ 654,656	$ 515,103	$ 139,553	$ 484,365
JP Morgan[4]	739,147	741,916	580,899	513,813	67,086	341,487
Bank of America	750,000	501,041	397,700	397,033	667	389,347
MetLife	750,000	527,611	409,178	347,943	61,235	305,889
Citibank	500,000	625,053	474,103	340,511	133,592	392,455
Morgan Stanley[5]	370,250	171,590	135,125	127,227	7,898	127,240
	$ 4,109,397	$ 3,404,583	$ 2,651,661	$ 2,241,630	$ 410,031	$ 2,040,783

(1) Maximum facility size represents the total amount of borrowings in each repurchase agreement; however these borrowings are only available to us once sufficient collateral assets have been pledged under each facility at the discretion of the lender.
(2) Represents the principal balance of the collateral assets.
(3) Potential borrowings represent the total amount we could draw under each facility based on collateral already approved and pledged. When undrawn, these amounts are immediately available to us at our sole discretion under the terms of each revolving credit facility.
(4) The JP Morgan maximum facility size is composed of a $250.0 million facility and a £153.0 million ($226.6 million) facility, and $262.5 million related solely to a specific asset with a repurchase date of January 9, 2018.
(5) The Morgan Stanley maximum facility size represents a £250.0 million ($370.3 million) facility.

As of March 31, 2015, we had aggregate borrowings of $2.2 billion outstanding under our revolving repurchase facilities, with a weighted-average cash coupon of LIBOR plus 1.87% per annum and a weighted-average all-in cost of credit, including associated fees and expenses, of LIBOR plus 2.09% per annum. As of March 31, 2015, outstanding borrowings under these facilities had a weighted-average maturity, excluding extension options and term-out provisions, of 1.7 years.

The following table details our asset-specific repurchase agreements and loan participations sold as of March 31, 2015 ($ in thousands):

	Asset-specific Repurchase Agreements		Loan Participations Sold[2][3]	
	Repurchase Agreements	Collateral Assets	Participations Sold	Underlying Loans
Number of loans	4	5	4	4

Principal balance	$ 407,203	$ 539,043	$ 708,845	$ 879,043
Weighted-average cash coupon(1)	L+2.75%	L+5.21%	L+2.40%	L+4.06%
Weighted-average all-in cost / yield(1)	L+3.20%	L+5.70%	L+2.68%	L+4.36%

(1) As of March 31, 2015, our floating rate loans and related liabilities were indexed to the various benchmark rates relevant in each case in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition to cash coupon, all-in cost / yield includes the amortization of deferred origination fees / financing costs.

(2) We also sold a $110.7 million senior interest in a loan that qualified for sale accounting under GAAP and is therefore no longer included on our consolidated balance sheet. Accordingly, the information detailed in the table excludes such participation.

(3) During 2015, we recorded $4.3 million of interest expense related to our loan participations sold.

Refer to Note 5 to our consolidated financial statements for additional terms and details of our secured financings, including certain financial covenants.

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Floating Rate Portfolio

Our loan portfolio as of March 31, 2015 was comprised of floating rate loans financed by floating rate secured debt, which results in a return on equity that is correlated to LIBOR. Generally, our business model is such that rising interest rates will increase our net income, while declining interest rates will decrease net income. Subsequent to the quarter-ended March 31, 2015, we entered into an agreement to acquire a $4.6 billion portfolio of commercial real estate loans, a significant portion of which earn a fixed rate of interest. Accordingly, while the net interest income generated by our loan portfolio as a whole will continue to have a positive correlation to increases in LIBOR and we may enter into hedging transactions with respect to our fixed rate loans, the magnitude of positive correlations to increases in LIBOR is expected to decrease subsequent to the acquisition of this portfolio. See Note 15 to our consolidated financial statements for additional discussion of the loan portfolio acquisition and related financing thereof.

Excluding the April loan portfolio acquisition, as of March 31, 2015, a 100 basis point increase in LIBOR would have increased our net income by $16.0 million per annum, or $0.27 per share, while a 10 basis point decrease in LIBOR would have decreased our net income by $1.1 million per annum, or $0.02 per share.

The following table details our loan portfolio s sensitivity to interest rates ($ in thousands):

		March 31, 2015
Floating rate loans[1]	$	4,977,468
Floating rate debt[1][2]		(3,357,678)
Net floating rate exposure	$	1,619,790
Net income impact from 100 bps increase in LIBOR[3]	$	15,963
Per share amount, basic and diluted	$	0.27

(1) As of March 31, 2015, our floating rate loans and related liabilities were indexed to the various benchmark rates relevant in each case in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate.
(2) Includes borrowings under revolving repurchase facilities, asset-specific repurchase agreements, and loan participations sold.
(3) Annualized net income includes the impact of LIBOR floors for our loan receivable investments where such floors are paying relative to LIBOR of 0.18% as of March 31, 2015.

Convertible Notes

In November 2013, we issued $172.5 million of 5.25% convertible senior notes due on December 1, 2018, or the Convertible Notes. The Convertible Notes issuance costs, including underwriter discounts, are amortized through interest expense over the life of the Convertible Notes using the effective interest method. Including this amortization, our all-in cash cost of the Convertible Notes is 5.87%.

Refer to Notes 2 and 6 to our consolidated financial statements for additional discussion of our Convertible Notes.

CT Legacy Portfolio

As of March 31, 2015, Our CT Legacy Portfolio consists of: (i) our interests in CT Legacy Partners, LLC, or CT Legacy Partners and (ii) our carried interest in CTOPI, a private investment fund that was previously under our management and is now managed by an affiliate of our Manager.

During the quarter ended March 31, 2015 we recognized $17.5 million of unrealized gain on investments at fair value and $3.9 million of income from equity investments in unconsolidated subsidiaries related to assets in the CT Legacy Portfolio.

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III. Our Results of Operations

Operating Results

The following table sets forth information regarding our consolidated results of operations and certain key operating metrics ($ in thousands, except per share data):

	Three Months Ended March 31, 2015	2014	Variance $	%
Income from loans and other investments				
Interest and related income	$ 63,407	$ 33,656	$ 29,751	88.4%
Less: Interest and related expenses	24,161	12,074	12,087	100.1%
Income from loans and other investments, net	39,246	21,582	17,664	81.8%
Other expenses				
Management and incentive fees	6,671	3,397	3,274	96.4%
General and administrative expenses	7,663	3,199	4,464	139.5%
Total other expenses	14,334	6,596	7,738	117.3%
Impairments, provisions, and valuation adjustments	17,476	(1,339)	18,815	N/M
Income from equity investments in unconsolidated subsidiaries	3,950		3,950	100.0%
Income tax provision	245	531	(286)	(53.9)%
Net income	$ 46,093	$ 13,116	$ 32,977	251.4%
Net income attributable to non-controlling interests	(10,700)	(51)	(10,649)	N/M
Net income attributable to Blackstone Mortgage Trust, Inc.	$ 35,393	$ 13,065	$ 22,328	170.9%
Net income per share, basic and diluted	$ 0.60	$ 0.34		
Dividends per share	$ 0.52	$ 0.48		

Income from loans and other investments, net

Income from loans and other investments, net increased $17.7 million, or 81.8%, during the three months ended March 31, 2015 compared to the three months ended March 31, 2014. The increase was primarily due to the interest income earned on our loan portfolio, the principal balance of which increased $2.2 billion as of March 31, 2015 compared with March 31, 2014. This was partially offset by additional interest expense incurred on our secured financings, the principal balance of which increased $1.1 billion as of March 31, 2015 compared with March 31, 2014.

Other expenses

Other expenses are comprised of management and incentive fees payable to our Manager and general and administrative expenses. Other expenses increased by $7.7 million during the three months ended March 31, 2015 compared to the three months ended March 31, 2014 due to (i) an increase of $3.3 million of management and incentive fees payable to our Manager, primarily as a result of additional net proceeds received from the sale of our class A common stock, (ii) an increase of $2.7 million of compensation expenses associated with our CT Legacy Portfolio incentive plans, (iii) $1.5 million of additional non-cash restricted stock amortization related to shares awarded under our long-term incentive plans, and (iv) $329,000 of additional general operating expenses.

Impairments, provisions, and valuation adjustments

During the three months ended March 31, 2015, we recognized $17.5 million of net unrealized gains on investments held by CT Legacy Partners. During the three months ended March 31, 2014, we recognized $1.3 million of net unrealized losses on investments held by CT Legacy Partners.

Income from equity investments in unconsolidated subsidiaries

During the three months ended March 31, 2015, we recognized $3.9 million of promote income from CTOPI. No such income was recognized during the three months ended March 31, 2014.

Net income attributable to non-controlling interests

During the three months ended March 31, 2015, we recognized $10.7 million of net income attributable to non-controlling interest compared with $51,000 during the three months ended March 31, 2014. The non-controlling interest represents the portion of CT Legacy Partners net income that is not owned by us. The increase in non-controlling interest is primarily a result of the $17.5 million unrealized gain on investments at fair value recognized by CT Legacy Partners during the three months ended March 31, 2015.

The following tables show the effect of hypothetical price movements on the estimated fair value (FV) of our interest rate swap portfolio and the related change in fair value of the underlying debt at the dates indicated (dollars in thousands). Income is not affected by changes in the fair value of these swaps; however, these swaps effectively convert the hedged portion of fixed-rate debt to variable-rate debt. As a result, interest expense (and related cash outlays for debt service) will increase or decrease with the change in the periodic reset rate associated with the respective swap. Typically, the reset rate is an agreed upon index rate published for the first day of the six-month interest calculation period.

	Resulting	Swap Fair Value at	
Scenario	**Classification**	**March 31, 2006**	**April 27, 2006**
FV assuming no change in underlying interest rates	*Asset (Liability)*	$(46,798)	$(55,816)
FV assuming 10% increase in underlying interest rates	*Asset (Liability)*	(79,617)	(88,125)
FV assuming 10% decrease in underlying interest rates	*Asset (Liability)*	(13,980)	(23,507)

The change in fair value of our interest rate swaps since December 31, 2005 is primarily due to an increase in interest rates.

Commodity Risk Hedging Program

The prices of natural gas, NGLs and petrochemical products are subject to fluctuations in response to changes in supply, market uncertainty and a variety of additional factors that are beyond our control. In order to manage the risks associated with natural gas and NGLs, we may enter into commodity financial instruments. The primary purpose of our commodity risk management activities is to hedge our exposure to price risks associated with (i) natural gas purchases, (ii) NGL production and inventories, (iii) related firm commitments, (iv) fluctuations in transportation revenues where the underlying fees are based on natural gas index prices and (v) certain anticipated transactions involving either natural gas or NGLs.

At March 31, 2006 and December 31, 2005, we had a limited number of commodity financial instruments in our portfolio, which primarily consisted of economic hedges. The fair value of our commodity financial instrument portfolio at March 31, 2006 and December 31, 2005 was an asset of $1.1 million and a liability of $0.1 million, respectively. We recorded nominal amounts of earnings from our commodity financial instruments during the three months ended March 31, 2006 and 2005.

We assess the risk of our commodity financial instrument portfolio using a sensitivity analysis model. The sensitivity analysis applied to this portfolio measures the potential income or loss (i.e., the change in fair value of the portfolio) based upon a hypothetical 10% movement in the underlying quoted market prices of the commodity financial instruments outstanding at the dates indicated within the following table. The following table shows the effect of hypothetical price movements on the estimated fair value of this portfolio at the dates indicated (dollars in thousands):

Scenario	**Resulting Classification**	**Commodity Financial Instrument Portfolio FV** March 31, 2006	April 27, 2006
FV assuming no change in underlying commodity prices	*Asset (Liability)*	$ 1,079	$ (3,561)
FV assuming 10% increase in underlying commodity prices	*Asset (Liability)*	(4,028)	(3,987)
FV assuming 10% decrease in underlying commodity prices	*Asset (Liability)*	6,186	(3,135)

The change in fair value of our commodity risk hedging portfolio from March 31, 2006 to April 27, 2006 is primarily due to an increase in natural gas prices.

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Effect of financial instruments on accumulated other comprehensive income

The following table summarizes the effect of our cash flow hedging financial instruments on accumulated other comprehensive income since December 31, 2005.

	Commodity Financial Instruments	Interest Rate Fin. Instrs. Treasury Locks	Interest Rate Fin. Instrs. Forward-Starting Interest Rate Swaps	Accumulated Other Comprehensive Income Balance
Balance, December 31, 2005		$4,127	$14,945	$ 19,072
Change in fair value of commodity financial instruments	$251			251
Reclassification of gain on settlement of interest rate financial instruments		(116)	(925)	(1,041)
Balance, March 31, 2006	$251	$4,011	$14,020	$ 18,282

During the remainder of 2006, we will reclassify a combined $3.2 million from accumulated other comprehensive income as a reduction in interest expense from our treasury locks and forward-starting interest rate swaps.

Item 4. ***Controls and Procedures*.**

Our management, with the participation of the chief executive officer (CEO) and chief financial officer (CFO) of our general partner, has evaluated the effectiveness of our disclosure controls and procedures, including internal controls over financial reporting, as of the end of the period covered by this report. Based on their evaluation, the CEO and CFO of our general partner have concluded that our disclosure controls and procedures, including internal controls over financial reporting, are effective to ensure that material information relating to our partnership is made known to management on a timely basis. Our CEO and CFO noted no material weaknesses in the design or operation of our internal controls over financial reporting that are likely to adversely affect our ability to record, process, summarize and report financial information. Also, they detected no fraud involving management or employees who have a significant role in our internal controls over financial reporting.

There have been no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that have not been evaluated by management and no other factors that occurred during our last fiscal quarter that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

Collectively, these disclosure controls and procedures are designed to provide us with reasonable assurance that the information required to be disclosed in our periodic reports filed with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms. Our management does not expect that our disclosure controls and procedures will prevent all errors and all fraud. Based on the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

The certifications of our general partner s CEO and CFO required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 have been included as exhibits to this quarterly report on Form 10-Q.

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PART II. OTHER INFORMATION.

Item 1. ***Legal Proceedings*****.**

See Part I, Item 1, Financial Statements, Note 15, *Litigation*, which is incorporated herein by reference.

Item 1A. ***Risk Factors*****.**

In general, there have been no significant changes in our risk factors since December 31, 2005. For a detailed discussion of our risk factors, please read, Item 1A *Risk Factors*, in our annual report on Form 10-K for 2005.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds*****.**

We did not repurchase any of our common units during the three months ended March 31, 2006. As of March 31, 2006, we and our affiliates are authorized to repurchase up to 618,400 common units under the December 1998 common unit repurchase program.

Item 3. ***Defaults Upon Senior Securities*****.**

None.

Item 4. ***Submission of Matters to a Vote of Security Holders*****.**

None.

Item 5. ***Other Information*****.**

None.

Item 6. ***Exhibits*****.**

Exhibit Number	Exhibit*
2.1	Purchase and Sale Agreement between Coral Energy, LLC and Enterprise Products Operating L.P. dated September 22, 2000 (incorporated by reference to Exhibit 10.1 to Form 8-K filed September 26, 2000).
2.2	Purchase and Sale Agreement dated January 16, 2002 by and between Diamond-Koch, L.P. and Diamond-Koch III, L.P. and Enterprise Products Texas Operating L.P. (incorporated by reference to Exhibit 10.1 to Form 8-K filed February 8, 2002.)
2.3	Purchase and Sale Agreement dated January 31, 2002 by and between D-K Diamond-Koch, L.L.C., Diamond-Koch, L.P. and Diamond-Koch III, L.P. as Sellers and Enterprise Products Operating L.P. as Buyer (incorporated by reference to Exhibit 10.2 to Form 8-K filed February 8, 2002).
2.4	Purchase Agreement by and between E-Birchtree, LLC and Enterprise Products Operating L.P. dated July 31, 2002 (incorporated by reference to Exhibit 2.2 to Form 8-K filed August 12, 2002).
2.5	Purchase Agreement by and between E-Birchtree, LLC and E-Cypress, LLC dated July 31, 2002 (incorporated by reference to Exhibit 2.1 to Form 8-K filed August 12, 2002).
2.6	Merger Agreement, dated as of December 15, 2003, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise Products Management LLC, GulfTerra Energy Partners, L.P. and GulfTerra Energy Company, L.L.C. (incorporated by reference to Exhibit 2.1 to Form 8-K filed December 15, 2003).
2.7	Amendment No. 1 to Merger Agreement, dated as of August 31, 2004, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise Products Management LLC, GulfTerra Energy Partners, L.P. and GulfTerra Energy Company, L.L.C. (incorporated by

Exhibit Number	Exhibit*
	reference to Exhibit 2.1 to Form 8-K filed September 7, 2004).
2.8	Parent Company Agreement, dated as of December 15, 2003, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise Products GTM, LLC, El Paso Corporation, Sabine River Investors I, L.L.C., Sabine River Investors II, L.L.C., El Paso EPN Investments, L.L.C. and GulfTerra GP Holding Company (incorporated by reference to Exhibit 2.2 to Form 8-K filed December 15, 2003).
2.9	Amendment No. 1 to Parent Company Agreement, dated as of April 19, 2004, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise Products GTM, LLC, El Paso Corporation, Sabine River Investors I, L.L.C., Sabine River Investors II, L.L.C., El Paso EPN Investments, L.L.C. and GulfTerra GP Holding Company (incorporated by reference to Exhibit 2.1 to the Form 8-K filed April 21, 2004).
2.10	Second Amended and Restated Limited Liability Company Agreement of GulfTerra Energy Company, L.L.C., adopted by GulfTerra GP Holding Company, a Delaware corporation, and Enterprise Products GTM, LLC, a Delaware limited liability company, as of December 15, 2003, (incorporated by reference to Exhibit 2.3 to Form 8-K filed December 15, 2003).
2.11	Amendment No. 1 to Second Amended and Restated Limited Liability Company Agreement of GulfTerra Energy Company, L.L.C. adopted by Enterprise Products GTM, LLC as of September 30, 2004 (incorporated by reference to Exhibit 2.11 to Registration Statement on Form S-4 Registration Statement, Reg. No. 333-121665, filed December 27, 2004).
2.12	Purchase and Sale Agreement (Gas Plants), dated as of December 15, 2003, by and between El Paso Corporation, El Paso Field Services Management, Inc., El Paso Transmission, L.L.C., El Paso Field Services Holding Company and Enterprise Products Operating L.P. (incorporated by reference to Exhibit 2.4 to Form 8-K filed December 15, 2003).
3.1	Fifth Amended and Restated Agreement of Limited Partnership of Enterprise Products Partners L.P., dated effective as of August 8, 2005 (incorporated by reference to Exhibit 3.1 to Form 8-K filed August 10, 2005).
3.2	Third Amended and Restated Limited Liability Company Agreement of Enterprise Products GP, LLC, dated as of August 29, 2005 (incorporated by reference to Exhibit 3.1 to Form 8-K filed September 1, 2005).
3.3	Amended and Restated Agreement of Limited Partnership of Enterprise Products Operating L.P. dated as of July 31, 1998 (restated to include all agreements through December 10, 2003)(incorporated by reference to Exhibit 3.1 to Form 8-K filed July 1, 2005).
3.4	Certificate of Incorporation of Enterprise Products OLPGP, Inc., dated December 3, 2003 (incorporated by reference to Exhibit 3.5 to Form S-4 Registration Statement, Reg. No. 333-121665, filed December 27, 2004).
3.5	Bylaws of Enterprise Products OLPGP, Inc., dated December 8, 2003 (incorporated by reference to Exhibit 3.6 to Form S-4 Registration Statement, Reg. No. 333-121665, filed December 27, 2004).
4.1	Indenture dated as of March 15, 2000, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and First Union National Bank, as Trustee (incorporated by reference to Exhibit 4.1 to Form 8-K filed March 10, 2000).
4.2	First Supplemental Indenture dated as of January 22, 2003, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wachovia Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to Registration Statement on Form S-4, Reg. No. 333-102776, filed January 28, 2003).
4.3	Global Note representing $350 million principal amount of 6.375% Series B Senior Notes due 2013 with attached Guarantee (incorporated by reference to Exhibit 4.4 to Registration Statement on Form S-4, Reg. No. 333-102776, filed January 28, 2003).

4.4	Second Supplemental Indenture dated as of February 14, 2003, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wachovia Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to Form 10-K filed March 31, 2003).
4.5	Global Note representing $500 million principal amount of 6.875% Series B Senior Notes due 2033 with attached Guarantee (incorporated by reference to Exhibit 4.8 to Form 10-K filed March 31, 2003).
4.6	Global Notes representing $450 million principal amount of 7.50% Senior Notes due 2011 (incorporated by reference to Exhibit 4.1 to Form 8-K filed January 25, 2001).

Exhibit Number	Exhibit*
4.7	Form of Common Unit certificate (incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-1/A; File No. 333-52537, filed July 21, 1998).
4.8	Contribution Agreement dated September 17, 1999 (incorporated by reference to Exhibit B to Schedule 13D filed September 27, 1999 by Tejas Energy, LLC).
4.9	Registration Rights Agreement dated September 17, 1999 (incorporated by reference to Exhibit E to Schedule 13D filed September 27, 1999 by Tejas Energy, LLC).
4.10	Unitholder Rights Agreement dated September 17, 1999 (incorporated by reference to Exhibit C to Schedule 13D filed September 27, 1999 by Tejas Energy, LLC).
4.11	Amendment No. 1, dated September 12, 2003, to Unitholder Rights Agreement dated September 17, 1999 (incorporated by reference to Exhibit 4.1 to Form 8-K filed September 15, 2003).
4.12	Agreement dated as of March 4, 2005 among Enterprise Products Partners L.P., Shell US Gas & Power LLC and Kayne Anderson MLP Investment Company (incorporated by reference to Exhibit 4.31 to Form S-3 Registration Statement, Reg. No. 333-123150, filed March 4, 2005).
4.13	$750 Million Multi-Year Revolving Credit Agreement dated as of August 25, 2004, among Enterprise Products Operating L.P., the Lenders party thereto, Wachovia Bank, National Association, as Administrative Agent, Citibank, N.A. and JPMorgan Chase Bank, as Co-Syndication Agents, and Mizuho Corporate Bank, Ltd., SunTrust Bank and The Bank of Nova Scotia, as Co-Documentation Agents (incorporated by reference to Exhibit 4.1 to Form 8-K filed on August 30, 2004).
4.14	Guaranty Agreement dated as of August 25, 2004, by Enterprise Products Partners L.P. in favor of Wachovia Bank, National Association, as Administrative Agent for the several lenders that are or become parties to the Credit Agreement included as Exhibit 4.13, above (incorporated by reference to Exhibit 4.2 to Form 8-K filed on August 30, 2004).
4.15	First Amendment dated October 5, 2005, to Multi-Year Revolving Credit Agreement dated as of August 25, 2004, among Enterprise Products Operating L.P., the Lenders party thereto, Wachovia Bank, National Association, as Administrative Agent, CitiBank, N.A. and JPMorgan Chase Bank, as CO-Syndication Agents, and Mizuho Corporate Bank, Ltd., SunTrust Bank and The Bank of Nova Scotia, as Co-Documentation Agents (incorporated by reference to Exhibit 4.3 to Form 8-K filed on October 7, 2005).
4.16	$2.25 Billion 364-Day Revolving Credit Agreement dated as of August 25, 2004, among Enterprise Products Operating L.P., the Lenders party thereto, Wachovia Bank, National Association, as Administrative Agent, Citicorp North America, Inc. and Lehman Commercial Paper Inc., as Co-Syndication Agents, JPMorgan Chase Bank, UBS Loan Finance LLC and Morgan Stanley Senior Funding, Inc., as Co-Documentation Agents, Wachovia Capital Markets, LLC, Citigroup Global Markets Inc. and Lehman Brothers Inc., as Joint Lead Arrangers and Joint Book Runners (incorporated by reference to Exhibit 4.3 to Form 8-K filed on August 30, 2004).
4.17	Guaranty Agreement dated as of August 25, 2004, by Enterprise Products Partners L.P. in favor of Wachovia Bank, National Association, as Administrative Agent for the several lenders that are or become parties to the Credit Agreement included as Exhibit 4.16, above (incorporated by reference to Exhibit 4.4 to Form 8-K filed on August 30, 2004).
4.18	Indenture dated as of October 4, 2004, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to Form 8-K filed on October 6, 2004).
4.19	First Supplemental Indenture dated as of October 4, 2004, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to Form 8-K filed on October 6, 2004).
4.20	

	Second Supplemental Indenture dated as of October 4, 2004, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to Form 8-K filed on October 6, 2004).
4.21	Third Supplemental Indenture dated as of October 4, 2004, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.4 to Form 8-K filed on October 6, 2004).
4.22	Fourth Supplemental Indenture dated as of October 4, 2004, among Enterprise Products Operating

Exhibit Number	Exhibit*
	L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.5 to Form 8-K filed on October 6, 2004).
4.23	Global Note representing $500 million principal amount of 4.000% Series B Senior Notes due 2007 with attached Guarantee (incorporated by reference to Exhibit 4.14 to Form S-3 Registration Statement Reg. No. 333-123150 filed on March 4, 2005).
4.24	Global Note representing $500 million principal amount of 5.600% Series B Senior Notes due 2014 with attached Guarantee (incorporated by reference to Exhibit 4.17 to Form S-3 Registration Statement Reg. No. 333-123150 filed on March 4, 2005).
4.25	Global Note representing $150 million principal amount of 5.600% Series B Senior Notes due 2014 with attached Guarantee (incorporated by reference to Exhibit 4.18 to Form S-3 Registration Statement Reg. No. 333-123150 filed on March 4, 2005).
4.26	Global Note representing $350 million principal amount of 6.650% Series B Senior Notes due 2034 with attached Guarantee (incorporated by reference to Exhibit 4.19 to Form S-3 Registration Statement Reg. No. 333-123150 filed on March 4, 2005).
4.27	Global Note representing $500 million principal amount of 4.625% Series B Senior Notes due 2009 with attached Guarantee (incorporated by reference to Exhibit 4.27 to Form 10-K for the year ended December 31, 2004 filed on March 15, 2005).
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4.34	Statement of Rights, Privileges and Limitations of Series F Convertible Units, included as Annex A to Third Amendment to the Second Amended and Restated Agreement of Limited Partnership of GulfTerra Energy Partners, L.P., dated May 16, 2003 (incorporated by reference to Exhibit 3.B.3 to Current Report on Form 8-K of GulfTerra Energy Partners, L.P., file no. 001-11680, filed with the Commission on May 19, 2003).
4.35	Unitholder Agreement between GulfTerra Energy Partners, L.P. and Fletcher International, Inc. dated May 16, 2003 (incorporated by reference to Exhibit 4.L to Current Report on Form 8-K of GulfTerra Energy Partners, L.P., file no. 001-11680, filed with the Commission on May 19, 2003).
4.36	Indenture dated as of May 17, 2001 among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and the Chase Manhattan Bank, as Trustee (filed as Exhibit 4.1 to GulfTerra s Registration Statement on Form S-4 filed June 25, 2001, Registration Nos. 333-63800 through 333-63800-20); First Supplemental Indenture dated as of April 18, 2002 (filed as

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	March 19, 2003); Fifth Supplemental Indenture dated as of January 1, 2003 (filed as Exhibit 4.E.2 to GulfTerra s Current Report on Form 8-K dated March 19, 2003); Sixth Supplemental Indenture dated as of June 20, 2003 (filed as Exhibit 4.E.1 to GulfTerra s 2003 Second Quarter Form 10-Q, file no. 001-11680).
4.37	Seventh Supplemental Indenture dated as of August 17, 2004 (filed as Exhibit 4.E.1 to GulfTerra s Current Report on Form 8-K filed on August 19, 2004, file no. 001-11680).
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4.42	Amended and Restated Credit Agreement dated as of June 29, 2005, among Cameron Highway Oil Pipeline Company, the Lenders party thereto, and SunTrust Bank, as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 4.1 to Form 8-K filed on July 1, 2005).
4.43	Seventh Supplemental Indenture dated as of June 1, 2005, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.46 to Form 10-Q filed November 4, 2005).
4.44	Global Note representing $500,000,000 principal amount of 4.95% Senior Notes due 2010 with attached Guarantee (incorporated by reference to Exhibit 4.47 to Form 10-Q filed November 4, 2005).
4.45	Note Purchase Agreement dated as of December 15, 2005 among Cameron Highway Oil Pipeline Company and the Note Purchasers listed therein (incorporated by reference to Exhibit 4.1 to Form 8-K filed December 21, 2005.)
10.1	Transportation Contract between Enterprise Products Operating L.P. and Enterprise Transportation Company dated June 1, 1998 (incorporated by reference to Exhibit 10.3 to Registration Statement Form S-1/A filed July 8, 1998).
10.2	Seventh Amendment to Conveyance of Gas Processing Rights, dated as of April 1, 2004 among Enterprise Gas Processing, LLC, Shell Oil Company, Shell Exploration & Production Company, Shell Offshore Inc., Shell Consolidated Energy Resources Inc., Shell Land & Energy Company, Shell Frontier Oil & Gas Inc. and Shell Gulf of Mexico Inc. (incorporated by reference to Exhibit 10.1 to Form 8-K filed April 26, 2004).
10.3***	Enterprise Products 1998 Long-Term Incentive Plan, amended and restated as of April 8, 2004 (incorporated by reference to Appendix B to Notice of Written Consent dated April 22, 2004, filed April 22, 2004).
10.4***	Form of Option Grant Award under 1998 Long-Term Incentive Plan (incorporated by reference to Exhibit 4.2 to Form S-8 Registration Statement, Reg. No. 333-115633, filed May 19, 2004).
10.5***	Form of Restricted Unit Grant under the Enterprise Products 1998 Long-Term Incentive Plan (incorporated by reference to Exhibit 4.3 to Form S-8 Registration Statement, Reg. No. 333-115633, filed May 19,

	2004).
10.6***	1998 Omnibus Compensation Plan of GulfTerra Energy Partners, L.P., Amended and Restated as of January 1, 1999 (incorporated by reference to Exhibit 10.9 to Form 10-K for the year ended December 31, 1998 of GulfTerra Energy Partners, L.P., file no. 001-11680); Amendment No. 1, dated as of December 1, 1999 (incorporated by reference to Exhibit 10.8.1 to Form 10-Q for the quarter ended June 30, 2000 of GulfTerra Energy Partners, L.P., file no. 001-116800); Amendment

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	No. 2 dated as of May 15, 2003 (incorporated by reference to Exhibit 10.M.1 to Form 10-Q for the quarter ended June 30, 2003 of GulfTerra Energy Partners, L.P., file no. 001-11680).
10.7	Third Amended and Restated Administrative Services Agreement by and among EPCO, Inc., Enterprise Products Partners L.P., Enterprise Products Operating L.P., Enterprise Products GP, LLC, Enterprise Products OLPGP, Inc., Enterprise GP Holdings L.P., EPE Holdings, LLC, TEPPCO Partners, L.P., Texas Eastern Products Pipeline Company, LLC, TE Products Pipeline Company, Limited Partnership, TEPPCO Midstream Companies, L.P., TCTM, L.P. and TEPPCO GP, Inc. dated August 15, 2005, but effective as of February 24, 2005 (incorporated by reference to Exhibit 10.1 to Form 8-K filed August 22, 2005).
10.8***	EPE Unit L.P. Agreement of Limited Partnership (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Enterprise GP Holdings L.P., Commission file no. 1-32610, on September 1, 2005).
10.9***	Enterprise Products Company 2005 EPE Long-Term Incentive Plan (incorporated by reference to Exhibit 10.28 to Amendment No. 3 to Form S-1 Registration Statement (Reg. No. 333-124320) filed by Enterprise GP Holdings L.P. on August 11, 2005).
10.10***	Form of Restricted Unit Grant under the Enterprise Products Company 2005 EPE Long-Term Incentive Plan (incorporated by reference to Exhibit 10.29 to Amendment No. 3 to Form S-1 Registration Statement (Reg. No. 333-124320) filed by Enterprise GP Holdings L.P. on August 11, 2005).
10.11***	Form of Phantom Unit Grant under the Enterprise Products Company 2005 EPE Long-Term Incentive Plan (incorporated by reference to Exhibit 10.30 to Amendment No. 3 to Form S-1 Registration Statement (Reg. No. 333-124320) filed by Enterprise GP Holdings L.P. on August 11, 2005).
10.12***	Enterprise Products Company 2005 EPE Long-Term Incentive Plan, amended and restated as of May 2, 2006 (incorporated by reference to Exhibit 10.01 to the Form 8-K filed by Enterprise GP Holdings L.P. on May 8, 2006).
10.13***	Form of Unit Appreciation Right Grant (EPE Holdings, LLC Directors) under the Enterprise Products Company 2005 EPE Long-Term Incentive Plan (incorporated by reference to Exhibit 10.02 to the Form 8-K filed by Enterprise GP Holdings L.P. on May 8, 2006).
10.14***	Form of Unit Appreciation Right Grant (Enterprise Products GP, LLC Directors) under the Enterprise Products Company 2005 EPE Long-Term Incentive Plan (incorporated by reference to Exhibit 10.03 to the Form 8-K filed by Enterprise GP Holdings L.P. on May 8, 2006).
10.15	Waiver of Provisions of the Conflicts Policies and Procedures of the Third Amended and Restated Administrative Services Agreement dated February 23, 2006 but effective as of February 13, 2006 (incorporated by reference to Exhibit 10.12 to Form 10-K filed on February 27, 2006).
18.1	Letter regarding Change in Accounting Principles dated May 4, 2004 (incorporated by reference to Exhibit 18.1 to Form 10-Q filed May 10, 2004).
31.1#	Sarbanes-Oxley Section 302 certification of Robert G. Phillips for Enterprise Products Partners L.P. for the March 31, 2006 quarterly report on Form 10-Q.
31.2#	Sarbanes-Oxley Section 302 certification of Michael A. Creel for Enterprise Products Partners L.P. for the March 31, 2006 quarterly report on Form 10-Q.
32.1#	Section 1350 certification of Robert G. Phillips for the March 31, 2006 quarterly report on Form 10-Q.
32.2#	Section 1350 certification of Michael A. Creel for the March 31, 2006 quarterly report on Form 10-Q.

* With respect to any exhibits incorporated by reference to any

Exchange Act filings, the Commission file number for Enterprise Products Partners L.P. is 1-14323.

*** Identifies management contract and compensatory plan arrangements.

Filed with this report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this quarterly report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized, in the City of Houston, State of Texas on May 9, 2006.

ENTERPRISE PRODUCTS PARTNERS L.P.
(A Delaware Limited Partnership)

By: Enterprise Products GP, LLC,
as General Partner

By: /s/ Michael J. Knesek

Name: Michael J. Knesek
Title: Senior Vice President, Controller and Principal Accounting Officer of the General Partner

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Index to Exhibits

Exhibit Number	Exhibit*
2.1	Purchase and Sale Agreement between Coral Energy, LLC and Enterprise Products Operating L.P. dated September 22, 2000 (incorporated by reference to Exhibit 10.1 to Form 8-K filed September 26, 2000).
2.2	Purchase and Sale Agreement dated January 16, 2002 by and between Diamond-Koch, L.P. and Diamond-Koch III, L.P. and Enterprise Products Texas Operating L.P. (incorporated by reference to Exhibit 10.1 to Form 8-K filed February 8, 2002.)
2.3	Purchase and Sale Agreement dated January 31, 2002 by and between D-K Diamond-Koch, L.L.C., Diamond-Koch, L.P. and Diamond-Koch III, L.P. as Sellers and Enterprise Products Operating L.P. as Buyer (incorporated by reference to Exhibit 10.2 to Form 8-K filed February 8, 2002).
2.4	Purchase Agreement by and between E-Birchtree, LLC and Enterprise Products Operating L.P. dated July 31, 2002 (incorporated by reference to Exhibit 2.2 to Form 8-K filed August 12, 2002).
2.5	Purchase Agreement by and between E-Birchtree, LLC and E-Cypress, LLC dated July 31, 2002 (incorporated by reference to Exhibit 2.1 to Form 8-K filed August 12, 2002).
2.6	Merger Agreement, dated as of December 15, 2003, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise Products Management LLC, GulfTerra Energy Partners, L.P. and GulfTerra Energy Company, L.L.C. (incorporated by reference to Exhibit 2.1 to Form 8-K filed December 15, 2003).
2.7	Amendment No. 1 to Merger Agreement, dated as of August 31, 2004, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise Products Management LLC, GulfTerra Energy Partners, L.P. and GulfTerra Energy Company, L.L.C. (incorporated by

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	reference to Exhibit 2.1 to Form 8-K filed September 7, 2004).
2.8	Parent Company Agreement, dated as of December 15, 2003, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise Products GTM, LLC, El Paso Corporation, Sabine River Investors I, L.L.C., Sabine River Investors II, L.L.C., El Paso EPN Investments, L.L.C. and GulfTerra GP Holding Company (incorporated by reference to Exhibit 2.2 to Form 8-K filed December 15, 2003).
2.9	Amendment No. 1 to Parent Company Agreement, dated as of April 19, 2004, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise Products GTM, LLC, El Paso Corporation, Sabine River Investors I, L.L.C., Sabine River Investors II, L.L.C., El Paso EPN Investments, L.L.C. and GulfTerra GP Holding Company (incorporated by reference to Exhibit 2.1 to the Form 8-K filed April 21, 2004).
2.10	Second Amended and Restated Limited Liability Company Agreement of GulfTerra Energy Company, L.L.C., adopted by GulfTerra GP Holding Company, a Delaware corporation, and Enterprise Products GTM, LLC, a Delaware limited liability company, as of December 15, 2003, (incorporated by reference to Exhibit 2.3 to Form 8-K filed December 15, 2003).
2.11	Amendment No. 1 to Second Amended and Restated Limited Liability Company Agreement of GulfTerra Energy Company, L.L.C. adopted by Enterprise Products GTM, LLC as of September 30, 2004 (incorporated by reference to Exhibit 2.11 to Registration Statement on Form S-4 Registration Statement, Reg. No. 333-121665, filed December 27, 2004).
2.12	Purchase and Sale Agreement (Gas Plants), dated as of December 15, 2003, by and between El Paso Corporation, El Paso Field Services Management, Inc., El Paso Transmission, L.L.C., El Paso Field Services Holding Company and Enterprise Products Operating L.P. (incorporated by reference to Exhibit 2.4 to Form 8-K filed December 15, 2003).
3.1	Fifth Amended and Restated Agreement of Limited Partnership of Enterprise Products Partners L.P., dated effective as of August 8, 2005 (incorporated by reference to Exhibit 3.1 to Form 8-K filed August 10, 2005).
3.2	Third Amended and Restated Limited Liability Company Agreement of Enterprise Products GP, LLC, dated as of August 29, 2005 (incorporated by reference to Exhibit 3.1 to Form 8-K filed September 1, 2005).
3.3	Amended and Restated Agreement of Limited Partnership of Enterprise Products Operating L.P. dated as of July 31, 1998 (restated to include all agreements through December 10, 2003)(incorporated by reference to Exhibit 3.1 to Form 8-K filed July 1, 2005).
3.4	Certificate of Incorporation of Enterprise Products OLPGP, Inc., dated December 3, 2003 (incorporated by reference to Exhibit 3.5 to Form S-4 Registration Statement, Reg. No. 333-121665, filed December 27, 2004).
3.5	Bylaws of Enterprise Products OLPGP, Inc., dated December 8, 2003 (incorporated by reference to Exhibit 3.6 to Form S-4 Registration Statement, Reg. No. 333-121665, filed December 27, 2004).
4.1	Indenture dated as of March 15, 2000, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and First Union National Bank, as Trustee (incorporated by reference to Exhibit 4.1 to Form 8-K filed March 10, 2000).
4.2	First Supplemental Indenture dated as of January 22, 2003, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wachovia Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to Registration Statement on Form S-4, Reg. No. 333-102776, filed January 28, 2003).
4.3	Global Note representing $350 million principal amount of 6.375% Series B Senior Notes due 2013 with attached Guarantee (incorporated by reference to Exhibit 4.4 to Registration Statement on Form S-4, Reg. No. 333-102776, filed January 28, 2003).

4.4	Second Supplemental Indenture dated as of February 14, 2003, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wachovia Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to Form 10-K filed March 31, 2003).
4.5	Global Note representing $500 million principal amount of 6.875% Series B Senior Notes due 2033 with attached Guarantee (incorporated by reference to Exhibit 4.8 to Form 10-K filed March 31, 2003).
4.6	Global Notes representing $450 million principal amount of 7.50% Senior Notes due 2011 (incorporated by reference to Exhibit 4.1 to Form 8-K filed January 25, 2001).

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4.7	Form of Common Unit certificate (incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-1/A; File No. 333-52537, filed July 21, 1998).
4.8	Contribution Agreement dated September 17, 1999 (incorporated by reference to Exhibit B to Schedule 13D filed September 27, 1999 by Tejas Energy, LLC).
4.9	Registration Rights Agreement dated September 17, 1999 (incorporated by reference to Exhibit E to Schedule 13D filed September 27, 1999 by Tejas Energy, LLC).
4.10	Unitholder Rights Agreement dated September 17, 1999 (incorporated by reference to Exhibit C to Schedule 13D filed September 27, 1999 by Tejas Energy, LLC).
4.11	Amendment No. 1, dated September 12, 2003, to Unitholder Rights Agreement dated September 17, 1999 (incorporated by reference to Exhibit 4.1 to Form 8-K filed September 15, 2003).
4.12	Agreement dated as of March 4, 2005 among Enterprise Products Partners L.P., Shell US Gas & Power LLC and Kayne Anderson MLP Investment Company (incorporated by reference to Exhibit 4.31 to Form S-3 Registration Statement, Reg. No. 333-123150, filed March 4, 2005).
4.13	$750 Million Multi-Year Revolving Credit Agreement dated as of August 25, 2004, among Enterprise Products Operating L.P., the Lenders party thereto, Wachovia Bank, National Association, as Administrative Agent, Citibank, N.A. and JPMorgan Chase Bank, as Co-Syndication Agents, and Mizuho Corporate Bank, Ltd., SunTrust Bank and The Bank of Nova Scotia, as Co-Documentation Agents (incorporated by reference to Exhibit 4.1 to Form 8-K filed on August 30, 2004).
4.14	Guaranty Agreement dated as of August 25, 2004, by Enterprise Products Partners L.P. in favor of Wachovia Bank, National Association, as Administrative Agent for the several lenders that are or become parties to the Credit Agreement included as Exhibit 4.13, above (incorporated by reference to Exhibit 4.2 to Form 8-K filed on August 30, 2004).
4.15	First Amendment dated October 5, 2005, to Multi-Year Revolving Credit Agreement dated as of August 25, 2004, among Enterprise Products Operating L.P., the Lenders party thereto, Wachovia Bank, National Association, as Administrative Agent, CitiBank, N.A. and JPMorgan Chase Bank, as CO-Syndication Agents, and Mizuho Corporate Bank, Ltd., SunTrust Bank and The Bank of Nova Scotia, as Co-Documentation Agents (incorporated by reference to Exhibit 4.3 to Form 8-K filed on October 7, 2005).
4.16	$2.25 Billion 364-Day Revolving Credit Agreement dated as of August 25, 2004, among Enterprise Products Operating L.P., the Lenders party thereto, Wachovia Bank, National Association, as Administrative Agent, Citicorp North America, Inc. and Lehman Commercial Paper Inc., as Co-Syndication Agents, JPMorgan Chase Bank, UBS Loan Finance LLC and Morgan Stanley Senior Funding, Inc., as Co-Documentation Agents, Wachovia Capital Markets, LLC, Citigroup Global Markets Inc. and Lehman Brothers Inc., as Joint Lead Arrangers and Joint Book Runners (incorporated by reference to Exhibit 4.3 to Form 8-K filed on August 30, 2004).
4.17	Guaranty Agreement dated as of August 25, 2004, by Enterprise Products Partners L.P. in favor of Wachovia Bank, National Association, as Administrative Agent for the several lenders that are or become parties to the Credit Agreement included as Exhibit 4.16, above (incorporated by reference to Exhibit 4.4 to Form 8-K filed on August 30, 2004).
4.18	Indenture dated as of October 4, 2004, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to Form 8-K filed on October 6, 2004).
4.19	First Supplemental Indenture dated as of October 4, 2004, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to Form 8-K filed on October 6, 2004).
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	Second Supplemental Indenture dated as of October 4, 2004, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to Form 8-K filed on October 6, 2004).
4.21	Third Supplemental Indenture dated as of October 4, 2004, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.4 to Form 8-K filed on October 6, 2004).
4.22	Fourth Supplemental Indenture dated as of October 4, 2004, among Enterprise Products Operating

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	L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.5 to Form 8-K filed on October 6, 2004).
4.23	Global Note representing $500 million principal amount of 4.000% Series B Senior Notes due 2007 with attached Guarantee (incorporated by reference to Exhibit 4.14 to Form S-3 Registration Statement Reg. No. 333-123150 filed on March 4, 2005).
4.24	Global Note representing $500 million principal amount of 5.600% Series B Senior Notes due 2014 with attached Guarantee (incorporated by reference to Exhibit 4.17 to Form S-3 Registration Statement Reg. No. 333-123150 filed on March 4, 2005).
4.25	Global Note representing $150 million principal amount of 5.600% Series B Senior Notes due 2014 with attached Guarantee (incorporated by reference to Exhibit 4.18 to Form S-3 Registration Statement Reg. No. 333-123150 filed on March 4, 2005).
4.26	Global Note representing $350 million principal amount of 6.650% Series B Senior Notes due 2034 with attached Guarantee (incorporated by reference to Exhibit 4.19 to Form S-3 Registration Statement Reg. No. 333-123150 filed on March 4, 2005).
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4.29	Sixth Supplemental Indenture dated as of March 2, 2005, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to Form 8-K filed on March 3, 2005).
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4.44	Global Note representing $500,000,000 principal amount of 4.95% Senior Notes due 2010 with attached Guarantee (incorporated by reference to Exhibit 4.47 to Form 10-Q filed November 4, 2005).
4.45	Note Purchase Agreement dated as of December 15, 2005 among Cameron Highway Oil Pipeline Company and the Note Purchasers listed therein (incorporated by reference to Exhibit 4.1 to Form 8-K filed December 21, 2005.)
10.1	Transportation Contract between Enterprise Products Operating L.P. and Enterprise Transportation Company dated June 1, 1998 (incorporated by reference to Exhibit 10.3 to Registration Statement Form S-1/A filed July 8, 1998).
10.2	Seventh Amendment to Conveyance of Gas Processing Rights, dated as of April 1, 2004 among Enterprise Gas Processing, LLC, Shell Oil Company, Shell Exploration & Production Company, Shell Offshore Inc., Shell Consolidated Energy Resources Inc., Shell Land & Energy Company, Shell Frontier Oil & Gas Inc. and Shell Gulf of Mexico Inc. (incorporated by reference to Exhibit 10.1 to Form 8-K filed April 26, 2004).
10.3***	Enterprise Products 1998 Long-Term Incentive Plan, amended and restated as of April 8, 2004 (incorporated by reference to Appendix B to Notice of Written Consent dated April 22, 2004, filed April 22, 2004).
10.4***	Form of Option Grant Award under 1998 Long-Term Incentive Plan (incorporated by reference to Exhibit 4.2 to Form S-8 Registration Statement, Reg. No. 333-115633, filed May 19, 2004).
10.5***	Form of Restricted Unit Grant under the Enterprise Products 1998 Long-Term Incentive Plan (incorporated by reference to Exhibit 4.3 to Form S-8 Registration Statement, Reg. No. 333-115633, filed May 19,

	2004).
10.6***	1998 Omnibus Compensation Plan of GulfTerra Energy Partners, L.P., Amended and Restated as of January 1, 1999 (incorporated by reference to Exhibit 10.9 to Form 10-K for the year ended December 31, 1998 of GulfTerra Energy Partners, L.P., file no. 001-11680); Amendment No. 1, dated as of December 1, 1999 (incorporated by reference to Exhibit 10.8.1 to Form 10-Q for the quarter ended June 30, 2000 of GulfTerra Energy Partners, L.P., file no. 001-116800); Amendment

Exhibit Number	Exhibit*
	No. 2 dated as of May 15, 2003 (incorporated by reference to Exhibit 10.M.1 to Form 10-Q for the quarter ended June 30, 2003 of GulfTerra Energy Partners, L.P., file no. 001-11680).
10.7	Third Amended and Restated Administrative Services Agreement by and among EPCO, Inc., Enterprise Products Partners L.P., Enterprise Products Operating L.P., Enterprise Products GP, LLC, Enterprise Products OLPGP, Inc., Enterprise GP Holdings L.P., EPE Holdings, LLC, TEPPCO Partners, L.P., Texas Eastern Products Pipeline Company, LLC, TE Products Pipeline Company, Limited Partnership, TEPPCO Midstream Companies, L.P., TCTM, L.P. and TEPPCO GP, Inc. dated August 15, 2005, but effective as of February 24, 2005 (incorporated by reference to Exhibit 10.1 to Form 8-K filed August 22, 2005).
10.8***	EPE Unit L.P. Agreement of Limited Partnership (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Enterprise GP Holdings L.P., Commission file no. 1-32610, on September 1, 2005).
10.9***	Enterprise Products Company 2005 EPE Long-Term Incentive Plan (incorporated by reference to Exhibit 10.28 to Amendment No. 3 to Form S-1 Registration Statement (Reg. No. 333-124320) filed by Enterprise GP Holdings L.P. on August 11, 2005).
10.10***	Form of Restricted Unit Grant under the Enterprise Products Company 2005 EPE Long-Term Incentive Plan (incorporated by reference to Exhibit 10.29 to Amendment No. 3 to Form S-1 Registration Statement (Reg. No. 333-124320) filed by Enterprise GP Holdings L.P. on August 11, 2005).
10.11***	Form of Phantom Unit Grant under the Enterprise Products Company 2005 EPE Long-Term Incentive Plan (incorporated by reference to Exhibit 10.30 to Amendment No. 3 to Form S-1 Registration Statement (Reg. No. 333-124320) filed by Enterprise GP Holdings L.P. on August 11, 2005).
10.12***	Enterprise Products Company 2005 EPE Long-Term Incentive Plan, amended and restated as of May 2, 2006 (incorporated by reference to Exhibit 10.01 to the Form 8-K filed by Enterprise GP Holdings L.P. on May 8, 2006).
10.13***	Form of Unit Appreciation Right Grant (EPE Holdings, LLC Directors) under the Enterprise Products Company 2005 EPE Long-Term Incentive Plan (incorporated by reference to Exhibit 10.02 to the Form 8-K filed by Enterprise GP Holdings L.P. on May 8, 2006).
10.14***	Form of Unit Appreciation Right Grant (Enterprise Products GP, LLC Directors) under the Enterprise Products Company 2005 EPE Long-Term Incentive Plan (incorporated by reference to Exhibit 10.03 to the Form 8-K filed by Enterprise GP Holdings L.P. on May 8, 2006).
10.15	Waiver of Provisions of the Conflicts Policies and Procedures of the Third Amended and Restated Administrative Services Agreement dated February 23, 2006 but effective as of February 13, 2006 (incorporated by reference to Exhibit 10.12 to Form 10-K filed on February 27, 2006).
18.1	Letter regarding Change in Accounting Principles dated May 4, 2004 (incorporated by reference to Exhibit 18.1 to Form 10-Q filed May 10, 2004).
31.1#	Sarbanes-Oxley Section 302 certification of Robert G. Phillips for Enterprise Products Partners L.P. for the March 31, 2006 quarterly report on Form 10-Q.
31.2#	Sarbanes-Oxley Section 302 certification of Michael A. Creel for Enterprise Products Partners L.P. for the March 31, 2006 quarterly report on Form 10-Q.
32.1#	Section 1350 certification of Robert G. Phillips for the March 31, 2006 quarterly report on Form 10-Q.
32.2#	Section 1350 certification of Michael A. Creel for the March 31, 2006 quarterly report on Form 10-Q.

* With respect to any exhibits incorporated by reference to any Exchange Act

filings, the Commission file number for Enterprise Products Partners L.P. is 1-14323.

*** Identifies management contract and compensatory plan arrangements.

Filed with this report.