

# Blackstone

## Blackstone Reports Third Quarter Results

**New York, October 27, 2016:** Blackstone (NYSE:BX) today reported its third quarter 2016 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Blackstone continued to perform well in this year’s third quarter, with every business achieving sequential and year-over-year growth in both revenues and earnings, and assets under management reaching a record \$361 billion. In a period of very low growth and interest rates around the world, we strive to provide good investment returns to institutions and individuals alike. And we achieved that goal.”

Blackstone’s press release of its third quarter 2016 results can also be viewed at [www.blackstone.com](http://www.blackstone.com).

### Distribution

Blackstone has declared a quarterly distribution of \$0.41 per common unit to record holders of common units at the close of business on November 7, 2016. This distribution will be paid on November 14, 2016.

### Quarterly Investor Call Details

Blackstone will host a conference call on October 27, 2016 at 11:00 a.m. ET to discuss third quarter 2016 results. The conference call can be accessed via the Shareholders section of Blackstone’s website at [www.blackstone.com](http://www.blackstone.com) or by dialing +1 (877) 391-6747 (U.S. domestic) or +1 (617) 597-9291 (international), pass code 149 943 55#. For those unable to listen to the live broadcast, a replay will be available on [www.blackstone.com](http://www.blackstone.com) or by dialing +1 (888) 286-8010 (U.S. domestic) or +1 (617) 801-6888 (international), pass code 581 320 61#.

### About Blackstone

Blackstone is one of the world’s leading investment firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, and the communities in which we work. We do this by using extraordinary people and flexible capital to help companies solve problems. Our asset management businesses, with over \$360 billion in assets under management, include investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at [www.blackstone.com](http://www.blackstone.com). Follow Blackstone on Twitter [@Blackstone](https://twitter.com/Blackstone).

## **Forward-Looking Statements**

This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

This release does not constitute an offer of any Blackstone Fund.

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# Blackstone's Third Quarter 2016 Earnings

October 27, 2016

## Third Quarter 2016 GAAP Results

- GAAP Net Income was \$692 million for the quarter, and \$1.5 billion year-to-date. GAAP Net Income Attributable to The Blackstone Group L.P. was \$313 million for the quarter and \$671 million year-to-date.

(Dollars in Thousands, Except per Unit Data) (Unaudited)	3Q'15	3Q'16	% Change vs. 3Q'15	3Q'15 YTD	3Q'16 YTD	% Change vs. 3Q'15 YTD
<b>Revenues</b>						
Management and Advisory Fees, Net	\$ 703,596	\$ 596,154	(15)%	\$ 1,894,496	\$ 1,812,883	(4)%
Performance Fees						
Realized Carried Interest	435,189	503,990	16%	2,580,266	1,058,633	(59)%
Realized Incentive Fees	33,455	30,295	(9)%	110,775	88,155	(20)%
Unrealized Carried Interest	(1,055,920)	106,202	n/m	(1,124,010)	242,080	n/m
Unrealized Incentive Fees	(50,832)	30,545	n/m	36,274	45,900	27%
Total Performance Fees	(638,108)	671,032	n/m	1,603,305	1,434,768	(11)%
Investment Income (Loss)						
Realized	99,952	119,351	19%	445,705	172,387	(61)%
Unrealized	(179,298)	23,752	n/m	(262,024)	67,347	n/m
Total Investment Income (Loss)	(79,346)	143,103	n/m	183,681	239,734	31%
Interest and Dividend Revenue	26,244	21,819	(17)%	70,129	67,180	(4)%
Other	(813)	(423)	(48)%	(2,478)	1,900	n/m
<b>Total Revenues</b>	<b>11,573</b>	<b>1,431,685</b>	<b>n/m</b>	<b>3,749,133</b>	<b>3,556,465</b>	<b>(5)%</b>
<b>Expenses</b>						
Compensation and Benefits						
Compensation	393,655	329,634	(16)%	1,426,233	1,031,061	(28)%
Performance Fee Compensation						
Realized Carried Interest	97,798	168,427	72%	628,079	314,511	(50)%
Realized Incentive Fees	15,062	15,436	2%	49,126	44,810	(9)%
Unrealized Carried Interest	(228,697)	70,044	n/m	(204,876)	175,247	n/m
Unrealized Incentive Fees	(14,641)	13,508	n/m	16,450	19,645	19%
Total Compensation and Benefits	263,177	597,049	127%	1,915,012	1,585,274	(17)%
General, Administrative and Other	158,664	124,322	(22)%	436,496	378,355	(13)%
Interest Expense	36,860	37,278	1%	105,644	111,512	6%
Fund Expenses	18,296	15,128	(17)%	76,845	28,949	(62)%
<b>Total Expenses</b>	<b>476,997</b>	<b>773,777</b>	<b>62%</b>	<b>2,533,997</b>	<b>2,104,090</b>	<b>(17)%</b>
<b>Other Income (Loss)</b>						
Net Gains (Losses) from Fund Investment Activities	(16,867)	61,395	n/m	158,703	111,240	(30)%
<b>Income (Loss) Before Provision for Taxes</b>	<b>\$ (482,291)</b>	<b>\$ 719,303</b>	<b>n/m</b>	<b>\$ 1,373,839</b>	<b>\$ 1,563,615</b>	<b>14%</b>
Provision for Taxes	1,573	27,714	n/m	144,168	84,275	(42)%
<b>Net Income (Loss)</b>	<b>\$ (483,864)</b>	<b>\$ 691,589</b>	<b>n/m</b>	<b>\$ 1,229,671</b>	<b>\$ 1,479,340</b>	<b>20%</b>
<b>Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities</b>	<b>(12,520)</b>	<b>10,764</b>	<b>n/m</b>	<b>8,787</b>	<b>2,314</b>	<b>(74)%</b>
<b>Net Income Attributable to Non-Controlling Interests in Consolidated Entities</b>	<b>30,671</b>	<b>82,653</b>	<b>169%</b>	<b>179,183</b>	<b>187,468</b>	<b>5%</b>
<b>Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings</b>	<b>(247,318)</b>	<b>285,267</b>	<b>n/m</b>	<b>532,782</b>	<b>618,274</b>	<b>16%</b>
<b>Net Income (Loss) Attributable to The Blackstone Group L.P. ("BX")</b>	<b>\$ (254,697)</b>	<b>\$ 312,905</b>	<b>n/m</b>	<b>\$ 508,919</b>	<b>\$ 671,284</b>	<b>32%</b>
<b>Net Income (Loss) per Common Unit, Basic</b>	<b>\$ (0.40)</b>	<b>\$ 0.48</b>	<b>n/m</b>	<b>\$ 0.81</b>	<b>\$ 1.04</b>	<b>28%</b>
<b>Net Income (Loss) per Common Unit, Diluted</b>	<b>\$ (0.40)</b>	<b>\$ 0.47</b>	<b>n/m</b>	<b>\$ 0.80</b>	<b>\$ 1.01</b>	<b>26%</b>

n/m = not meaningful.

## Third Quarter 2016 Segment Highlights

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- ▶ Economic Net Income (“ENI”) was \$687 million (\$0.57/unit) in the quarter, an increase of \$0.92/unit year-over-year, on \$1.4 billion of Total Segment Revenues.
  - ENI was \$1.6 billion (\$1.32/unit) year-to-date on \$3.5 billion of Total Segment Revenues.
- ▶ Distributable Earnings (“DE”) was \$593 million (\$0.48/unit) in the quarter, on \$534 million of Realized Performance Fees.
  - DE was \$1.5 billion (\$1.23/unit) year-to-date on \$1.1 billion of Realized Performance Fees.
- ▶ Fee Related Earnings (“FRE”) was \$229 million in the third quarter, on \$601 million of Fee Revenues.
  - FRE was \$675 million year-to-date, up 8% year-over-year, on \$1.8 billion of Fee Revenues, despite the spin-off of Blackstone’s Advisory businesses completed in October 2015.
- ▶ Total Assets Under Management (“AUM”) reached a record \$361.0 billion through a combination of strong fundraising and organic expansion.
  - Gross inflows were \$14.7 billion in the quarter, bringing the last twelve months (“LTM”) inflows to \$68.5 billion.
  - Total AUM increased 8% year-over-year and Fee-Earning AUM was up 11% to \$267.8 billion.
- ▶ Capital deployed of \$4.3 billion in the quarter and \$15.0 billion year-to-date was achieved by leveraging Blackstone’s diverse platform to find opportunities globally.
- ▶ Blackstone declared a third quarter distribution of \$0.41 per common unit payable on November 14, 2016.

## Third Quarter 2016 Segment Earnings

(Dollars in Thousands, Except per Unit Data)	3Q'15	3Q'16	% Change vs. 3Q'15	3Q'15 YTD	3Q'16 YTD	% Change vs. 3Q'15 YTD
Fee Revenues	\$ 707,826	\$ 601,255	(15)%	\$ 1,913,474	\$ 1,828,974	(4)%
Performance Fees	(639,349)	672,646	n/m	1,604,051	1,436,083	(10)%
Investment Income (Loss)	(136,131)	87,887	n/m	64,284	121,008	88%
Interest Income and Dividend Revenue	35,459	33,081	(7)%	96,936	103,395	7%
<b>Total Revenues</b>	<b>(32,195)</b>	<b>1,394,869</b>	<b>n/m</b>	<b>3,678,745</b>	<b>3,489,460</b>	<b>(5)%</b>
Total Expenses	356,661	686,900	93%	1,906,791	1,853,036	(3)%
Taxes	27,070	20,985	(22)%	57,376	59,013	3%
<b>Economic Net Income (Loss) ("ENI")</b>	<b>\$ (415,926)</b>	<b>\$ 686,984</b>	<b>n/m</b>	<b>\$ 1,714,578</b>	<b>\$ 1,577,411</b>	<b>(8)%</b>
<i>ENI per Unit</i>	<i>\$ (0.35)</i>	<i>\$ 0.57</i>	<i>n/m</i>	<i>\$ 1.45</i>	<i>\$ 1.32</i>	<i>(9)%</i>
Fee Related Earnings ("FRE")	\$ 265,667	\$ 229,035	(14)%	\$ 624,732	\$ 674,627	8%
<b>Distributable Earnings ("DE")</b>	<b>\$ 691,534</b>	<b>\$ 593,028</b>	<b>(14)%</b>	<b>\$ 2,965,661</b>	<b>\$ 1,484,454</b>	<b>(50)%</b>
<i>DE per Common Unit</i>	<i>\$ 0.58</i>	<i>\$ 0.48</i>	<i>(17)%</i>	<i>\$ 2.51</i>	<i>\$ 1.23</i>	<i>(51)%</i>
Total AUM	\$ 333,925,521	\$ 361,040,173	8%	\$ 333,925,521	\$ 361,040,173	8%
Fee-Earning AUM	\$ 240,939,356	\$ 267,757,727	11%	\$ 240,939,356	\$ 267,757,727	11%

The changes in carrying value, fund returns and composite returns presented throughout this presentation represent those of the applicable Blackstone Funds and not those of The Blackstone Group L.P.

## Private Equity

- ▶ Corporate Private Equity carrying value increased 3.0% in the quarter due to appreciation in the private investment portfolio.
- ▶ Realizations of \$4.5 billion in the quarter were driven mainly by public and strategic sales across the segment, bringing year-to-date realizations to \$10.4 billion.
- ▶ Invested or committed \$2.9 billion during the quarter and \$6.9 billion year-to-date across the segment.
- ▶ Inflows of \$3.4 billion in the quarter included closings for the seventh secondary fund, the Tactical Opportunities platform, and the first core private equity fund, bringing LTM inflows to \$18.9 billion.
- ▶ Total AUM increased 9% year-over-year to \$99.7 billion, driven by fundraising across all strategies within the segment, which more than offset significant realization activity.
- ▶ Fee-Earning AUM increased 37% year-over-year due to the commencement of investment periods of various flagship funds across the segment.

(Dollars in Thousands)			% Change		% Change	
	3Q'15	3Q'16	vs. 3Q'15	3Q'15 YTD	3Q'16 YTD	vs. 3Q'15 YTD
Fee Revenues	\$ 128,567	\$ 132,094	3%	\$ 361,370	\$ 404,993	12%
Performance Fees	(594,831)	170,995	n/m	595,971	417,255	(30)%
Investment Income (Loss)	(63,772)	24,353	n/m	40,488	44,596	10%
Interest Income and Dividend Revenue	8,119	9,160	13%	23,406	28,525	22%
<b>Total Revenues</b>	<b>(521,917)</b>	<b>336,602</b>	<b>n/m</b>	<b>1,021,235</b>	<b>895,369</b>	<b>(12)%</b>
Compensation	70,419	73,889	5%	209,597	237,303	13%
Performance Fee Compensation	(125,145)	83,041	n/m	173,385	158,160	(9)%
Other Operating Expenses	43,812	47,534	8%	145,258	143,968	(1)%
<b>Total Expenses</b>	<b>(10,914)</b>	<b>204,464</b>	<b>n/m</b>	<b>528,240</b>	<b>539,431</b>	<b>2%</b>
<b>Economic Income (Loss)</b>	<b>\$ (511,003)</b>	<b>\$ 132,138</b>	<b>n/m</b>	<b>\$ 492,995</b>	<b>\$ 355,938</b>	<b>(28)%</b>
Total AUM	\$ 91,490,669	\$ 99,722,322	9%	\$ 91,490,669	\$ 99,722,322	9%
Fee-Earning AUM	\$ 50,560,404	\$ 69,347,910	37%	\$ 50,560,404	\$ 69,347,910	37%

# 3.0%

3Q'16 Increase in Corporate  
Private Equity Carrying Value

# \$4.5 billion

3Q'16 Realizations

# \$99.7 billion

Total AUM up 9% YoY

## Real Estate

- ▶ Opportunistic funds' carrying value up 3.7% during the quarter due to gains across private and public investment values; core+ funds' carrying value up 2.9% during the quarter.
- ▶ Realizations of \$7.2 billion in the quarter were the second highest for the real estate business since inception, driven by the sale of the remaining public stake in Brixmor, the sale of the China retail platform, and the sale of most of Strategic Hotels.
- ▶ Invested or committed \$4.1 billion in the quarter, including the closing of Blanchardstown, a 1.2 million square foot retail complex in Dublin, Ireland, and \$1.1 billion of executed contracts for U.S. core+ investments.
- ▶ Inflows of \$3.2 billion in the quarter across the platform included a closing for the fifth European opportunistic fund as well as \$1.9 billion of recycled capital from returns of capital for funds in their investment period.
- ▶ Total AUM up 9% year-over-year to \$101.9 billion and Fee-Earning AUM up 1% year-over-year to \$65.8 billion.
  - Increase driven by core+ and BREDS with Total AUM up more than 50% year-over-year in these businesses.

(Dollars in Thousands)	3Q'15	3Q'16	% Change		3Q'15 YTD	3Q'16 YTD	% Change	
			vs. 3Q'15				vs. 3Q'15 YTD	
Fee Revenues	\$ 186,015	\$ 210,429	13%		\$ 502,638	\$ 663,754	32%	
Performance Fees	46,860	366,833	683%		864,412	763,320	(12)%	
Investment Income (Loss)	(55,561)	39,979	n/m		31,034	61,844	99%	
Interest Income and Dividend Revenue	11,057	12,460	13%		31,313	38,732	24%	
<b>Total Revenues</b>	<b>188,371</b>	<b>629,701</b>	<b>234%</b>		<b>1,429,397</b>	<b>1,527,650</b>	<b>7%</b>	
Compensation	99,255	99,886	1%		263,573	303,352	15%	
Performance Fee Compensation	36,581	116,440	218%		254,434	270,050	6%	
Other Operating Expenses	42,050	47,908	14%		125,539	148,206	18%	
<b>Total Expenses</b>	<b>177,886</b>	<b>264,234</b>	<b>49%</b>		<b>643,546</b>	<b>721,608</b>	<b>12%</b>	
<b>Economic Income</b>	<b>\$ 10,485</b>	<b>\$ 365,467</b>	<b>n/m</b>		<b>\$ 785,851</b>	<b>\$ 806,042</b>	<b>3%</b>	
Total AUM	\$ 93,187,556	\$ 101,876,562	9%		\$ 93,187,556	\$ 101,876,562	9%	
Fee-Earning AUM	\$ 64,858,622	\$ 65,785,083	1%		\$ 64,858,622	\$ 65,785,083	1%	

3.7%

3Q'16 Increase in Opportunistic  
Funds' Carrying Value

\$7.2 billion

3Q'16 Realizations

\$101.9 billion

Total AUM up 9% YoY



## Hedge Fund Solutions

- ▶ The BPS Composite gross return was 2.9% in the third quarter, and 4.3% for the last six months, after challenging first quarter market conditions.
- ▶ Inflows of \$2.4 billion during the quarter, \$7.6 billion year-to-date and \$10.0 billion LTM were driven by customized and commingled strategies and individual investor solutions.
  - October 1 subscriptions of \$909 million are not yet included in AUM.
- ▶ Total AUM reached \$70.1 billion during the quarter, driven by continued platform diversification and growth in customized strategies and individual investor solutions.
  - Total AUM for BAAM's individual investor solutions platform was \$7.2 billion, up 27% from \$5.8 billion year-over-year.

(Dollars in Thousands)	3Q'15	3Q'16	% Change vs. 3Q'15	3Q'15 YTD	3Q'16 YTD	% Change vs. 3Q'15 YTD
Fee Revenues	\$ 133,238	\$ 130,161	(2)%	\$ 392,080	\$ 390,717	(0)%
Performance Fees	(32,322)	16,526	n/m	66,405	17,893	(73)%
Investment Income (Loss)	(6,879)	11,008	n/m	(12,496)	2,814	n/m
Interest Income and Dividend Revenue	4,136	4,692	13%	12,055	15,193	26%
<b>Total Revenues</b>	<b>98,173</b>	<b>162,387</b>	<b>65%</b>	<b>458,044</b>	<b>426,617</b>	<b>(7)%</b>
Compensation	44,408	47,206	6%	146,353	145,811	(0)%
Performance Fee Compensation	(10,488)	7,494	n/m	25,185	10,205	(59)%
Other Operating Expenses	24,147	27,432	14%	65,852	80,796	23%
<b>Total Expenses</b>	<b>58,067</b>	<b>82,132</b>	<b>41%</b>	<b>237,390</b>	<b>236,812</b>	<b>(0)%</b>
<b>Economic Income</b>	<b>\$ 40,106</b>	<b>\$ 80,255</b>	<b>100%</b>	<b>\$ 220,654</b>	<b>\$ 189,805</b>	<b>(14)%</b>
Total AUM	\$ 68,405,948	\$ 70,113,508	2%	\$ 68,405,948	\$ 70,113,508	2%
Fee-Earning AUM	\$ 65,182,338	\$ 66,434,971	2%	\$ 65,182,338	\$ 66,434,971	2%

**2.9%**  
3Q'16 BPS Composite Gross Return

**\$2.4 billion**  
3Q'16 Inflows

**\$70.1 billion**  
Total AUM up 2% YoY

The BPS Composite gross return is based on the BAAM Principal Solutions ("BPS") Composite, which does not include BAAM's individual investor solutions (liquid alternatives), long-biased commodities, ventures (seeding and minority interests), strategic opportunities (co-invests), Senfina (direct trading) and advisory (non-discretionary) platforms, except for investments by BPS funds directly into those platforms. BAAM-managed funds in liquidation are also excluded. The funds/accounts that comprise the BPS Composite are not managed within a single fund or account and are managed with different mandates. There is no guarantee that BAAM would have made the same mix of investments in a stand-alone fund/account. The BPS Composite is not an investible product and, as such, the performance of the Composite does not represent the performance of an actual fund or account. On a net of fees basis, the BPS Composite was 2.8% for 3Q'16 and 4.0% since 1Q'16.

## Credit

- ▶ Strong performance across strategies, resulting in gross returns of 6.2% in Performing Credit and 6.4% in Distressed Strategies.
  - Performance was driven by continued appreciation of energy investments, as well as distressed debt positions across funds.
- ▶ Total AUM reached a record \$89.3 billion in the quarter driven by capital raised across strategies.
  - Additional closings of \$3.2 billion for the new mezzanine fund brought the total capital raised to \$6.5 billion, with expectations of reaching the hard cap in the fourth quarter, making this the segment's largest fundraise for a direct lending drawdown fund.
  - Raised \$509 million for the new European CLO and \$907 million in separately managed accounts and commingled funds, primarily in leveraged loan strategies.
- ▶ Invested \$605 million during the quarter, with an additional \$1.3 billion committed not yet deployed year-to-date.

(Dollars in Thousands)	3Q'15	3Q'16	% Change vs. 3Q'15	3Q'15 YTD	3Q'16 YTD	% Change vs. 3Q'15 YTD
Fee Revenues	\$ 116,489	\$ 128,571	10%	\$ 360,957	\$ 369,510	2%
Performance Fees	(59,056)	118,292	n/m	77,263	237,615	208%
Investment Income (Loss)	(8,442)	12,547	n/m	6,165	11,754	91%
Interest Income and Dividend Revenue	6,053	6,769	12%	17,642	20,945	19%
<b>Total Revenues</b>	<b>55,044</b>	<b>266,179</b>	<b>384%</b>	<b>462,027</b>	<b>639,824</b>	<b>38%</b>
Compensation	51,324	47,614	(7)%	148,325	155,687	5%
Performance Fee Compensation	(31,427)	60,440	n/m	35,774	115,798	224%
Other Operating Expenses	24,898	28,016	13%	70,273	83,700	19%
<b>Total Expenses</b>	<b>44,795</b>	<b>136,070</b>	<b>204%</b>	<b>254,372</b>	<b>355,185</b>	<b>40%</b>
<b>Economic Income</b>	<b>\$ 10,249</b>	<b>\$ 130,109</b>	<b>n/m</b>	<b>\$ 207,655</b>	<b>\$ 284,639</b>	<b>37%</b>
Total AUM	\$ 80,841,348	\$ 89,327,781	10%	\$ 80,841,348	\$ 89,327,781	10%
Fee-Earning AUM	\$ 60,337,992	\$ 66,189,763	10%	\$ 60,337,992	\$ 66,189,763	10%

### 3Q'16 Composite Gross Returns

Performing Credit	6.2%
Distressed	6.4%

**\$5.7 billion**

3Q'16 Inflows

**\$89.3 billion**

Total AUM up 10% YoY

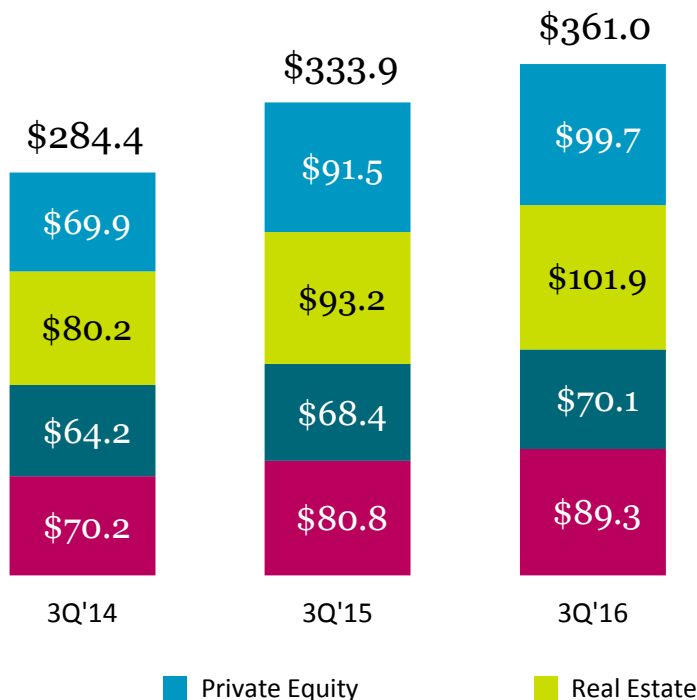
Performing Credit Strategies include mezzanine lending funds, Business Development Companies ("BDCs") and other performing credit strategy funds. Distressed Strategies include hedge fund strategies, rescue lending funds and distressed energy strategies. The composite gross returns represent a weighted-average composite of the fee-earning funds exceeding \$100 million of fair value at each respective quarter end for each strategy. Composite gross returns exclude the Blackstone Funds that were contributed to GSO as part of Blackstone's acquisition of GSO in March 2008. Performing Credit Strategies' net returns were 4.6% for 3Q'16 and Distressed Strategies' net returns were 4.8% for 3Q'16. The breakdown of Total AUM for 3Q'16 is as follows: Distressed Strategies \$22.7 billion (32% Incentive Fee, 68% Carried Interest), Performing Credit Strategies \$34.5 billion (52% Incentive Fee, 48% Carried Interest), and Long Only \$32.1 billion. The breakdown of Fee-Earning AUM for 3Q'16 is as follows: Distressed Strategies \$12.7 billion (51% Incentive Fee, 49% Carried Interest), Performing Credit Strategies \$22.0 billion (81% Incentive Fee, 19% Carried Interest), and Long Only \$31.5 billion.

## Assets Under Management

- ▶ Total AUM increased 8% year-over-year to \$361.0 billion driven by \$68.5 billion of gross inflows.
  - Each segment experienced growth despite \$53.6 billion of capital returned to investors during the LTM.
- ▶ Fee-Earning AUM of \$267.8 billion was up 11% year-over-year as \$61.3 billion of gross inflows significantly outpaced \$36.6 billion of realizations and outflows.

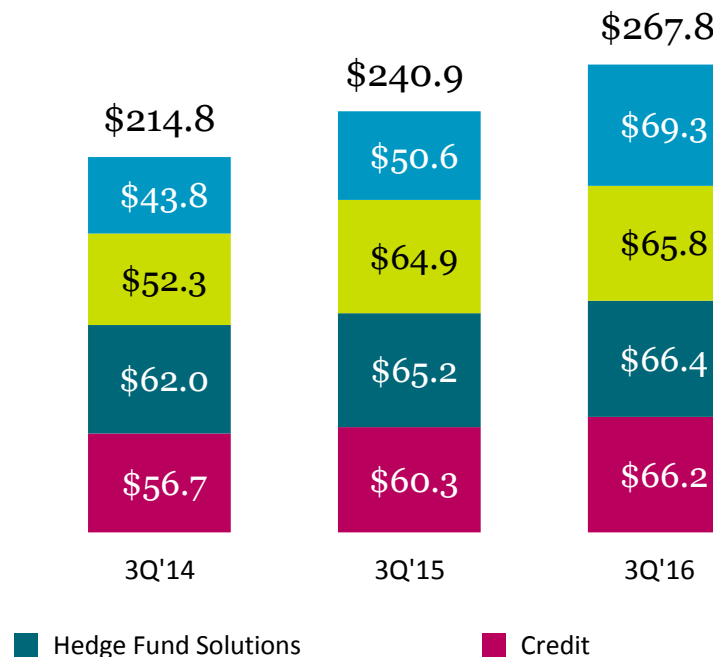
### Total AUM by Segment

(Dollars in Billions)



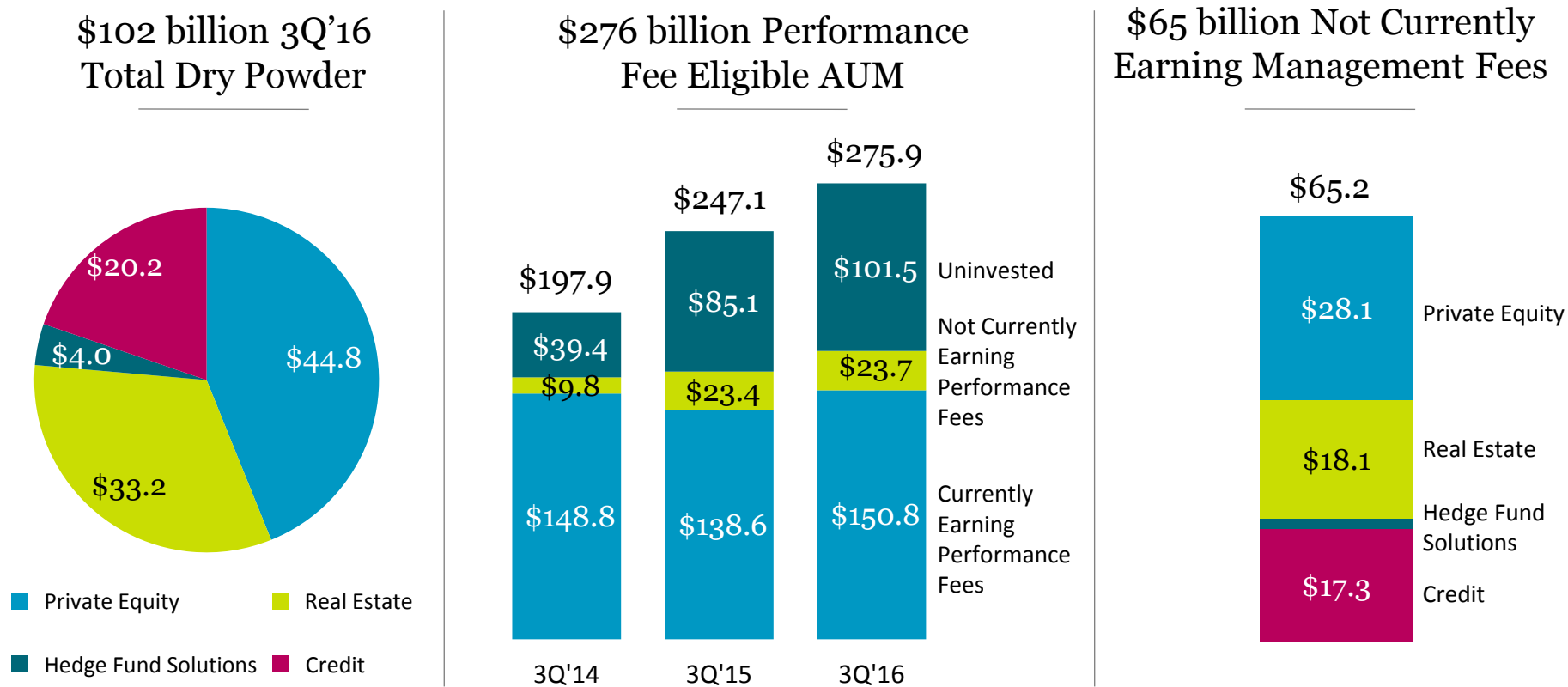
### Fee-Earning AUM by Segment

(Dollars in Billions)



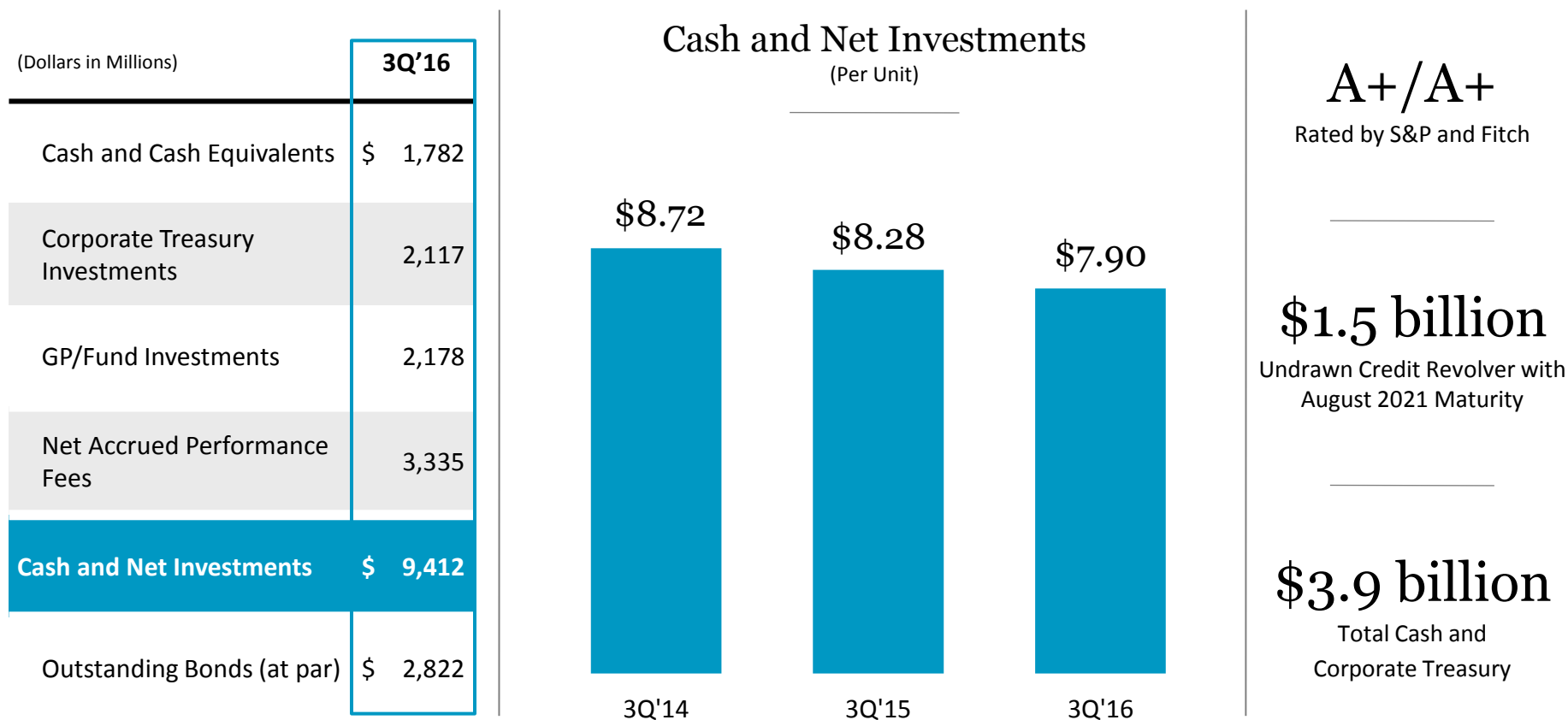
## Additional Capital Detail

- ▶ Undrawn capital (“Total Dry Powder”) was \$102.2 billion, up 20% year-over-year, driven by recent fundraises for the latest global private equity fund and the latest European opportunistic real estate fund.
  - 75% of Total Dry Powder was raised in 2015 and 2016 year-to-date.
- ▶ Performance Fee Eligible AUM reached \$275.9 billion at quarter end, up 12% year-over-year, despite significant realizations in the Real Estate and Private Equity segments.



## Deconsolidated Balance Sheet Highlights

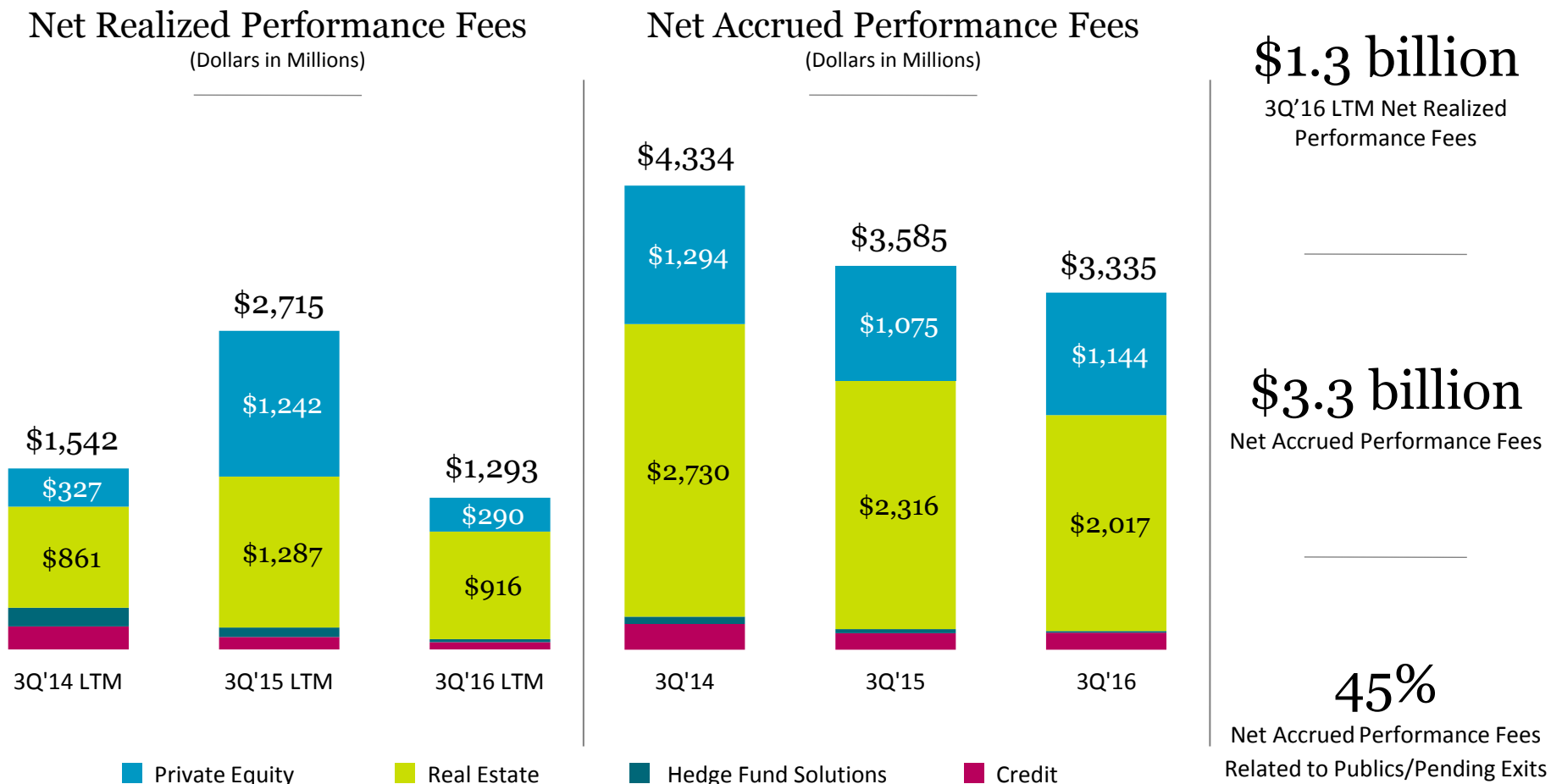
- ▶ At September 30, 2016, Blackstone had \$3.9 billion in total cash, cash equivalents, and corporate treasury investments and \$9.4 billion of cash and net investments, or \$7.90 per unit.
- ▶ Blackstone has no net debt, a \$1.5 billion undrawn credit revolver and maintained A+/A+ ratings.
  - On October 5, 2016, Blackstone issued €600 million of 10-year notes at a 1% coupon, which are not included in the September 30, 2016 balances.



Balance Sheet Highlights are preliminary, and exclude the consolidated Blackstone Funds. Investments include Blackstone investments in Private Equity, Real Estate, Hedge Fund Solutions, and Credit, which were \$783 million, \$992 million, \$129 million, and \$274 million, respectively, as of September 30, 2016, \$849 million, \$1.0 billion, \$128 million, and \$223 million, respectively, as of September 30, 2015 and \$1.1 billion, \$1.4 billion, \$122 million, and \$275 million, respectively, as of September 30, 2014. Total Net Value per unit amounts are calculated using period end DE Units Outstanding (see page 31, Unit Rollforward).

## Performance Fees

- ▶ Net Accrued Performance Fees were \$3.3 billion (\$2.80/unit) despite realizing Net Performance Fees of \$1.3 billion over the last twelve months.



Net Accrued Performance Fees per unit is calculated using period end DE Units Outstanding (see page 31, Unit Rollforward).

# Appendix

# Total Segments

(Dollars in Thousands)	3Q'15	4Q'15	1Q'16	2Q'16	3Q'16	3Q'15 YTD	3Q'16 YTD
<b>Revenues</b>							
Management and Advisory Fees, Net							
Base Management Fees	\$ 564,287	\$ 599,407	\$ 586,703	\$ 593,996	\$ 593,509	\$ 1,597,176	\$ 1,774,208
Advisory Fees	146,153	742	481	1,277	1,106	307,389	2,864
Transaction and Other Fees, Net	32,403	72,481	46,118	32,343	27,915	81,204	106,376
Management Fee Offsets	(34,176)	(22,939)	(20,101)	(15,396)	(20,850)	(70,555)	(56,347)
<b>Total Management and Advisory Fees, Net</b>	<b>708,667</b>	<b>649,691</b>	<b>613,201</b>	<b>612,220</b>	<b>601,680</b>	<b>1,915,214</b>	<b>1,827,101</b>
<b>Performance Fees</b>							
Realized Carried Interest	435,189	625,610	230,909	323,734	504,022	2,580,266	1,058,665
Realized Incentive Fees	34,785	82,472	28,450	29,363	30,295	112,274	88,108
Unrealized Carried Interest	(1,055,977)	(471,222)	47,606	88,268	106,157	(1,124,074)	242,031
Unrealized Incentive Fees	(53,346)	(42,834)	7,100	8,007	32,172	35,585	47,279
<b>Total Performance Fees</b>	<b>(639,349)</b>	<b>194,026</b>	<b>314,065</b>	<b>449,372</b>	<b>672,646</b>	<b>1,604,051</b>	<b>1,436,083</b>
<b>Investment Income (Loss)</b>							
Realized	87,526	86,993	(10,101)	53,670	60,634	331,815	104,203
Unrealized	(223,657)	(98,428)	(16,549)	6,101	27,253	(267,531)	16,805
<b>Total Investment Income (Loss)</b>	<b>(136,131)</b>	<b>(11,435)</b>	<b>(26,650)</b>	<b>59,771</b>	<b>87,887</b>	<b>64,284</b>	<b>121,008</b>
Interest Income and Dividend Revenue	35,459	34,665	35,081	35,233	33,081	96,936	103,395
Other	(841)	10,240	(6,248)	8,546	(425)	(1,740)	1,873
<b>Total Revenues</b>	<b>(32,195)</b>	<b>877,187</b>	<b>929,449</b>	<b>1,165,142</b>	<b>1,394,869</b>	<b>3,678,745</b>	<b>3,489,460</b>
<b>Expenses</b>							
Compensation	329,575	240,454	287,403	286,155	268,595	948,765	842,153
<b>Performance Fee Compensation</b>							
Realized Carried Interest	97,799	165,721	58,503	87,581	168,427	628,079	314,511
Realized Incentive Fees	15,061	36,821	14,123	15,251	15,436	49,125	44,810
Unrealized Carried Interest	(228,697)	(107,820)	30,001	75,202	70,044	(204,876)	175,247
Unrealized Incentive Fees	(14,642)	(18,940)	3,448	2,689	13,508	16,450	19,645
<b>Total Compensation and Benefits</b>	<b>199,096</b>	<b>316,236</b>	<b>393,478</b>	<b>466,878</b>	<b>536,010</b>	<b>1,437,543</b>	<b>1,396,366</b>
Other Operating Expenses	157,565	155,109	148,526	157,254	150,890	469,248	456,670
<b>Total Expenses</b>	<b>356,661</b>	<b>471,345</b>	<b>542,004</b>	<b>624,132</b>	<b>686,900</b>	<b>1,906,791</b>	<b>1,853,036</b>
<b>Economic Income (Loss)</b>	<b>\$ (388,856)</b>	<b>\$ 405,842</b>	<b>\$ 387,445</b>	<b>\$ 541,010</b>	<b>\$ 707,969</b>	<b>\$ 1,771,954</b>	<b>\$ 1,636,424</b>
<b>Economic Net Income (Loss)</b>	<b>\$ (415,926)</b>	<b>\$ 435,691</b>	<b>\$ 370,651</b>	<b>\$ 519,776</b>	<b>\$ 686,984</b>	<b>\$ 1,714,578</b>	<b>\$ 1,577,411</b>
<b>Fee Related Earnings</b>	<b>\$ 265,667</b>	<b>\$ 310,879</b>	<b>\$ 219,456</b>	<b>\$ 226,136</b>	<b>\$ 229,035</b>	<b>\$ 624,732</b>	<b>\$ 674,627</b>
<b>Distributable Earnings</b>	<b>\$ 691,534</b>	<b>\$ 878,027</b>	<b>\$ 387,967</b>	<b>\$ 503,459</b>	<b>\$ 593,028</b>	<b>\$ 2,965,661</b>	<b>\$ 1,484,454</b>
Total Assets Under Management	\$ 333,925,521	\$ 336,384,575	\$ 343,705,462	\$ 356,281,669	\$ 361,040,173	\$ 333,925,521	\$ 361,040,173
Fee-Earning Assets Under Management	\$ 240,939,356	\$ 246,146,372	\$ 244,452,764	\$ 266,006,713	\$ 267,757,727	\$ 240,939,356	\$ 267,757,727
Weighted Average Fee-Earning AUM	\$ 239,786,680	\$ 242,942,380	\$ 244,891,488	\$ 259,476,010	\$ 268,503,412	\$ 238,291,612	\$ 260,761,661
LP Capital Invested	\$ 6,145,446	\$ 14,779,702	\$ 6,515,571	\$ 3,795,171	\$ 4,127,005	\$ 15,725,344	\$ 14,437,747
Total Capital Invested	\$ 6,507,371	\$ 15,747,511	\$ 6,693,375	\$ 4,049,774	\$ 4,301,164	\$ 16,607,799	\$ 15,044,313



# Private Equity

(Dollars in Thousands)	3Q'15	4Q'15	1Q'16	2Q'16	3Q'16	3Q'15 YTD	3Q'16 YTD
<b>Revenues</b>							
Management Fees, Net							
Base Management Fees	\$ 128,452	\$ 143,887	\$ 130,648	\$ 131,477	\$ 131,708	\$ 358,753	\$ 393,833
Advisory Fees	2,547	742	481	1,277	1,106	9,819	2,864
Transaction and Other Fees, Net	9,359	18,382	8,439	9,812	11,786	17,876	30,037
Management Fee Offsets	(12,262)	(10,521)	(6,848)	(4,195)	(12,917)	(26,239)	(23,960)
Total Management and Advisory Fees, Net	128,096	152,490	132,720	138,371	131,683	360,209	402,774
Performance Fees							
Realized Carried Interest	214,532	330,902	30,282	57,056	26,398	1,144,085	113,736
Unrealized Carried Interest	(809,363)	(169,841)	73,875	85,047	144,597	(548,114)	303,519
Total Performance Fees	(594,831)	161,061	104,157	142,103	170,995	595,971	417,255
Investment Income (Loss)							
Realized	46,917	47,658	(15,357)	22,926	15,469	141,991	23,038
Unrealized	(110,689)	(14,835)	15,440	(2,766)	8,884	(101,503)	21,558
Total Investment Income (Loss)	(63,772)	32,823	83	20,160	24,353	40,488	44,596
Interest Income and Dividend Revenue	8,119	9,812	9,849	9,516	9,160	23,406	28,525
Other	471	4,693	(1,587)	3,395	411	1,161	2,219
<b>Total Revenues</b>	<b>(521,917)</b>	<b>360,879</b>	<b>245,222</b>	<b>313,545</b>	<b>336,602</b>	<b>1,021,235</b>	<b>895,369</b>
<b>Expenses</b>							
Compensation	70,419	70,651	80,274	83,140	73,889	209,597	237,303
Performance Fee Compensation							
Realized Carried Interest	16,303	94,635	15,427	30,946	13,741	162,287	60,114
Unrealized Carried Interest	(141,448)	(21,270)	9,296	19,450	69,300	11,098	98,046
Total Compensation and Benefits	(54,726)	144,016	104,997	133,536	156,930	382,982	395,463
Other Operating Expenses	43,812	53,900	48,063	48,371	47,534	145,258	143,968
<b>Total Expenses</b>	<b>(10,914)</b>	<b>197,916</b>	<b>153,060</b>	<b>181,907</b>	<b>204,464</b>	<b>528,240</b>	<b>539,431</b>
<b>Economic Income (Loss)</b>	<b>\$ (511,003)</b>	<b>\$ 162,963</b>	<b>\$ 92,162</b>	<b>\$ 131,638</b>	<b>\$ 132,138</b>	<b>\$ 492,995</b>	<b>\$ 355,938</b>
Total Assets Under Management	\$ 91,490,669	\$ 94,280,074	\$ 95,466,227	\$ 99,685,655	\$ 99,722,322	\$ 91,490,669	\$ 99,722,322
Fee-Earning Assets Under Management	\$ 50,560,404	\$ 51,451,196	\$ 50,228,312	\$ 69,467,174	\$ 69,347,910	\$ 50,560,404	\$ 69,347,910
Weighted Average Fee-Earning AUM	\$ 50,268,174	\$ 51,185,170	\$ 51,240,819	\$ 63,083,579	\$ 69,546,251	\$ 50,307,467	\$ 63,760,989
LP Capital Invested	\$ 1,535,702	\$ 4,508,023	\$ 1,865,698	\$ 1,538,436	\$ 1,683,747	\$ 5,711,155	\$ 5,087,881
Total Capital Invested	\$ 1,677,876	\$ 5,270,078	\$ 1,974,391	\$ 1,637,601	\$ 1,804,304	\$ 6,145,393	\$ 5,416,296

# Real Estate

(Dollars in Thousands)	3Q'15	4Q'15	1Q'16	2Q'16	3Q'16	3Q'15 YTD	3Q'16 YTD
<b>Revenues</b>							
Management Fees, Net							
Base Management Fees	\$ 175,710	\$ 199,774	\$ 199,907	\$ 201,004	\$ 197,629	\$ 468,801	\$ 598,540
Transaction and Other Fees, Net	21,390	52,461	35,794	21,112	14,190	58,116	71,096
Management Fee Offsets	(10,147)	(6,399)	(3,595)	(1,219)	(842)	(20,441)	(5,656)
Total Management Fees, Net	186,953	245,836	232,106	220,897	210,977	506,476	663,980
<b>Performance Fees</b>							
Realized Carried Interest	169,051	290,450	200,627	266,382	461,980	1,344,283	928,989
Realized Incentive Fees	3,879	11,331	4,069	6,099	3,857	5,822	14,025
Unrealized Carried Interest	(128,854)	(182,061)	(11,522)	(84,875)	(113,449)	(498,481)	(209,846)
Unrealized Incentive Fees	2,784	8,014	9,765	5,942	14,445	12,788	30,152
Total Performance Fees	46,860	127,734	202,939	193,548	366,833	864,412	763,320
<b>Investment Income (Loss)</b>							
Realized	39,821	38,985	12,975	19,929	46,704	196,597	79,608
Unrealized	(95,382)	(66,326)	(2,137)	(8,902)	(6,725)	(165,563)	(17,764)
Total Investment Income (Loss)	(55,561)	(27,341)	10,838	11,027	39,979	31,034	61,844
Interest Income and Dividend Revenue	11,057	12,677	13,188	13,084	12,460	31,313	38,732
Other	(938)	2,416	(1,909)	2,231	(548)	(3,838)	(226)
<b>Total Revenues</b>	<b>188,371</b>	<b>361,322</b>	<b>457,162</b>	<b>440,787</b>	<b>629,701</b>	<b>1,429,397</b>	<b>1,527,650</b>
<b>Expenses</b>							
Compensation	99,255	94,808	100,578	102,888	99,886	263,573	303,352
<b>Performance Fee Compensation</b>							
Realized Carried Interest	52,546	68,827	43,076	56,441	147,419	415,210	246,936
Realized Incentive Fees	1,838	5,813	2,133	3,300	1,764	2,865	7,197
Unrealized Carried Interest	(23,018)	(24,686)	27,703	14,257	(38,972)	(171,661)	2,988
Unrealized Incentive Fees	5,215	797	4,158	2,542	6,229	8,020	12,929
Total Compensation and Benefits	135,836	145,559	177,648	179,428	216,326	518,007	573,402
Other Operating Expenses	42,050	53,636	48,097	52,201	47,908	125,539	148,206
<b>Total Expenses</b>	<b>177,886</b>	<b>199,195</b>	<b>225,745</b>	<b>231,629</b>	<b>264,234</b>	<b>643,546</b>	<b>721,608</b>
<b>Economic Income</b>	<b>\$ 10,485</b>	<b>\$ 162,127</b>	<b>\$ 231,417</b>	<b>\$ 209,158</b>	<b>\$ 365,467</b>	<b>\$ 785,851</b>	<b>\$ 806,042</b>
Total Assets Under Management	\$ 93,187,556	\$ 93,917,824	\$ 101,107,528	\$ 103,197,060	\$ 101,876,562	\$ 93,187,556	\$ 101,876,562
Fee-Earning Assets Under Management	\$ 64,858,622	\$ 67,345,357	\$ 67,298,439	\$ 66,744,550	\$ 65,785,083	\$ 64,858,622	\$ 65,785,083
Weighted Average Fee-Earning AUM	\$ 63,492,663	\$ 65,356,567	\$ 66,943,268	\$ 67,215,301	\$ 66,708,328	\$ 62,809,264	\$ 67,150,535
LP Capital Invested	\$ 4,118,952	\$ 7,733,638	\$ 3,747,181	\$ 1,524,415	\$ 1,719,764	\$ 8,525,724	\$ 6,991,360
Total Capital Invested	\$ 4,326,151	\$ 7,835,881	\$ 3,820,460	\$ 1,557,192	\$ 1,749,778	\$ 8,767,591	\$ 7,127,430

# Hedge Fund Solutions

(Dollars in Thousands)	3Q'15	4Q'15	1Q'16	2Q'16	3Q'16	3Q'15 YTD	3Q'16 YTD
<b>Revenues</b>							
Management Fees, Net							
Base Management Fees	\$ 133,592	\$ 129,941	\$ 130,158	\$ 130,123	\$ 130,305	\$ 394,445	\$ 390,586
Transaction and Other Fees, Net	219	73	543	(5)	116	244	654
Management Fee Offsets	(507)	1,566	-	-	-	(1,395)	-
Total Management Fees, Net	133,304	131,580	130,701	130,118	130,421	393,294	391,240
<b>Performance Fees</b>							
Realized Incentive Fees	2,783	37,983	2,684	(251)	4,572	30,214	7,005
Unrealized Carried Interest	(5,394)	(599)	32	801	(84)	2,620	749
Unrealized Incentive Fees	(29,711)	(41,655)	(2,935)	1,036	12,038	33,571	10,139
Total Performance Fees	(32,322)	(4,271)	(219)	1,586	16,526	66,405	17,893
<b>Investment Income (Loss)</b>							
Realized	(468)	(141)	(4,745)	(515)	(1,211)	(12,600)	(6,471)
Unrealized	(6,411)	(1,539)	(12,291)	9,357	12,219	104	9,285
Total Investment Income (Loss)	(6,879)	(1,680)	(17,036)	8,842	11,008	(12,496)	2,814
Interest Income and Dividend Revenue	4,136	5,219	5,296	5,205	4,692	12,055	15,193
Other	(66)	1,414	(1,388)	1,125	(260)	(1,214)	(523)
<b>Total Revenues</b>	<b>98,173</b>	<b>132,262</b>	<b>117,354</b>	<b>146,876</b>	<b>162,387</b>	<b>458,044</b>	<b>426,617</b>
<b>Expenses</b>							
Compensation	44,408	33,131	54,169	44,436	47,206	146,353	145,811
<b>Performance Fee Compensation</b>							
Realized Incentive Fees	(436)	15,410	1,863	1,325	2,902	11,745	6,090
Unrealized Carried Interest	(3,041)	(213)	-	238	35	1,036	273
Unrealized Incentive Fees	(7,011)	(15,316)	(1,195)	480	4,557	12,404	3,842
Total Compensation and Benefits	33,920	33,012	54,837	46,479	54,700	171,538	156,016
Other Operating Expenses	24,147	24,220	26,146	27,218	27,432	65,852	80,796
<b>Total Expenses</b>	<b>58,067</b>	<b>57,232</b>	<b>80,983</b>	<b>73,697</b>	<b>82,132</b>	<b>237,390</b>	<b>236,812</b>
<b>Economic Income</b>	<b>\$ 40,106</b>	<b>\$ 75,030</b>	<b>\$ 36,371</b>	<b>\$ 73,179</b>	<b>\$ 80,255</b>	<b>\$ 220,654</b>	<b>\$ 189,805</b>
Total Assets Under Management	\$ 68,405,948	\$ 69,105,425	\$ 68,475,416	\$ 68,649,878	\$ 70,113,508	\$ 68,405,948	\$ 70,113,508
Fee-Earning Assets Under Management	\$ 65,182,338	\$ 65,665,439	\$ 64,831,253	\$ 64,973,999	\$ 66,434,971	\$ 65,182,338	\$ 66,434,971
Weighted Average Fee-Earning AUM	\$ 65,782,066	\$ 65,802,335	\$ 65,123,126	\$ 65,520,626	\$ 66,600,260	\$ 64,902,211	\$ 66,216,755
LP Capital Invested	\$ 66,427	\$ 41,332	\$ 315,757	\$ 32,804	\$ 135,105	\$ 201,909	\$ 483,666
Total Capital Invested	\$ 71,132	\$ 39,877	\$ 329,793	\$ 32,809	\$ 141,699	\$ 212,491	\$ 504,301

# Credit

(Dollars in Thousands)	3Q'15	4Q'15	1Q'16	2Q'16	3Q'16	3Q'15 YTD	3Q'16 YTD
<b>Revenues</b>							
Management Fees, Net							
Base Management Fees	\$ 126,533	\$ 125,805	\$ 125,990	\$ 131,392	\$ 133,867	\$ 375,177	\$ 391,249
Transaction and Other Fees, Net	1,289	1,565	1,342	1,424	1,823	4,806	4,589
Management Fee Offsets	(11,260)	(7,585)	(9,658)	(9,982)	(7,091)	(22,480)	(26,731)
<b>Total Management Fees, Net</b>	<b>116,562</b>	<b>119,785</b>	<b>117,674</b>	<b>122,834</b>	<b>128,599</b>	<b>357,503</b>	<b>369,107</b>
<b>Performance Fees</b>							
Realized Carried Interest	51,606	4,258	-	296	15,644	91,898	15,940
Realized Incentive Fees	28,123	33,158	21,697	23,515	21,866	76,238	67,078
Unrealized Carried Interest	(112,366)	(118,721)	(14,779)	87,295	75,093	(80,099)	147,609
Unrealized Incentive Fees	(26,419)	(9,193)	270	1,029	5,689	(10,774)	6,988
<b>Total Performance Fees</b>	<b>(59,056)</b>	<b>(90,498)</b>	<b>7,188</b>	<b>112,135</b>	<b>118,292</b>	<b>77,263</b>	<b>237,615</b>
<b>Investment Income (Loss)</b>							
Realized	1,735	491	(2,974)	11,330	(328)	6,695	8,028
Unrealized	(10,177)	(15,728)	(17,561)	8,412	12,875	(530)	3,726
<b>Total Investment Income (Loss)</b>	<b>(8,442)</b>	<b>(15,237)</b>	<b>(20,535)</b>	<b>19,742</b>	<b>12,547</b>	<b>6,165</b>	<b>11,754</b>
Interest Income and Dividend Revenue	6,053	6,957	6,748	7,428	6,769	17,642	20,945
Other	(73)	1,717	(1,364)	1,795	(28)	3,454	403
<b>Total Revenues</b>	<b>55,044</b>	<b>22,724</b>	<b>109,711</b>	<b>263,934</b>	<b>266,179</b>	<b>462,027</b>	<b>639,824</b>
<b>Expenses</b>							
Compensation	51,324	41,864	52,382	55,691	47,614	148,325	155,687
<b>Performance Fee Compensation</b>							
Realized Carried Interest	28,950	2,259	-	194	7,267	50,582	7,461
Realized Incentive Fees	13,659	15,598	10,127	10,626	10,770	34,515	31,523
Unrealized Carried Interest	(61,190)	(61,651)	(6,998)	41,257	39,681	(45,349)	73,940
Unrealized Incentive Fees	(12,846)	(4,421)	485	(333)	2,722	(3,974)	2,874
<b>Total Compensation and Benefits</b>	<b>19,897</b>	<b>(6,351)</b>	<b>55,996</b>	<b>107,435</b>	<b>108,054</b>	<b>184,099</b>	<b>271,485</b>
Other Operating Expenses	24,898	23,353	26,220	29,464	28,016	70,273	83,700
<b>Total Expenses</b>	<b>44,795</b>	<b>17,002</b>	<b>82,216</b>	<b>136,899</b>	<b>136,070</b>	<b>254,372</b>	<b>355,185</b>
<b>Economic Income</b>	<b>\$ 10,249</b>	<b>\$ 5,722</b>	<b>\$ 27,495</b>	<b>\$ 127,035</b>	<b>\$ 130,109</b>	<b>\$ 207,655</b>	<b>\$ 284,639</b>
Total Assets Under Management	\$ 80,841,348	\$ 79,081,252	\$ 78,656,291	\$ 84,749,076	\$ 89,327,781	\$ 80,841,348	\$ 89,327,781
Fee-Earning Assets Under Management	\$ 60,337,992	\$ 61,684,380	\$ 62,094,760	\$ 64,820,990	\$ 66,189,763	\$ 60,337,992	\$ 66,189,763
Weighted Average Fee-Earning AUM	\$ 60,243,777	\$ 60,598,308	\$ 61,584,275	\$ 63,656,504	\$ 65,648,573	\$ 60,272,670	\$ 63,633,382
LP Capital Invested	\$ 424,365	\$ 2,496,709	\$ 586,935	\$ 699,516	\$ 588,389	\$ 1,286,556	\$ 1,874,840
Total Capital Invested	\$ 432,212	\$ 2,601,675	\$ 568,731	\$ 822,172	\$ 605,383	\$ 1,482,324	\$ 1,996,286

## Financial Advisory

(Dollars in Thousands)	3Q'15	4Q'15	1Q'16	2Q'16	3Q'16	3Q'15 YTD	3Q'16 YTD
<b>Revenues</b>							
Advisory Fees	\$ 143,606	\$ -	\$ -	\$ -	\$ -	\$ 297,570	\$ -
Transaction and Other Fees, Net	146	-	-	-	-	162	-
<b>Total Advisory and Transaction Fees</b>	<b>143,752</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>297,732</b>	<b>-</b>
<b>Investment Income (Loss)</b>							
Realized	(479)	-	-	-	-	(868)	-
Unrealized	(998)	-	-	-	-	(39)	-
<b>Total Investment Income (Loss)</b>	<b>(1,477)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(907)</b>	<b>-</b>
Interest Income and Dividend Revenue	6,094	-	-	-	-	12,520	-
Other	(235)	-	-	-	-	(1,303)	-
<b>Total Revenues</b>	<b>148,134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>308,042</b>	<b>-</b>
<b>Expenses</b>							
Compensation	64,169	-	-	-	-	180,917	-
<b>Total Compensation and Benefits</b>	<b>64,169</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180,917</b>	<b>-</b>
Other Operating Expenses	22,658	-	-	-	-	62,326	-
<b>Total Expenses</b>	<b>86,827</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,243</b>	<b>-</b>
<b>Economic Income</b>	<b>\$ 61,307</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 64,799</b>	<b>\$ -</b>

**Note:** On October 1, 2015, Blackstone spun-off its Financial Advisory businesses, which did not include Blackstone's capital markets services business. The results of Blackstone's capital markets services business have been reclassified from the Financial Advisory segment to the Private Equity segment. All prior periods have been recast to reflect this reclassification.

## Unitholder Distribution

- ▶ Generated \$0.48 of Distributable Earnings per common unit during the quarter, up 14% from the prior quarter, bringing the year-to-date amount to \$1.23 per common unit.
- ▶ Declared a quarterly distribution of \$0.41 per common unit to record holders as of November 7, 2016; payable on November 14, 2016.

(Dollars in Thousands, Except per Unit Data)	3Q'15	4Q'15	1Q'16	2Q'16	3Q'16	% Change		% Change	
						vs. 3Q'15	3Q'15 YTD	3Q'16 YTD	vs. 3Q'15 YTD
Distributable Earnings ("DE")	\$ 691,534	\$ 878,027	\$ 387,967	\$ 503,459	\$ 593,028	(14)%	\$ 2,965,661	\$ 1,484,454	(50)%
Add: Other Payables Attributable to Common Unitholders	-	26,918	-	10,438	30,576	n/m	7,288	41,014	463%
DE before Certain Payables	691,534	904,945	387,967	513,897	623,604	(10)%	2,972,949	1,525,468	(49)%
Percent to Common Unitholders	54%	54%	54%	54%	54%		53%	54%	
DE before Certain Payables Attributable to Common Unitholders	370,902	487,075	210,286	279,357	339,837	(8)%	1,588,630	829,480	(48)%
Less: Other Payables Attributable to Common Unitholders	-	(26,918)	-	(10,438)	(30,576)	n/m	(7,288)	(41,014)	463%
DE Attributable to Common Unitholders	370,902	460,157	210,286	268,919	309,261	(17)%	1,581,342	788,466	(50)%
<b>DE per Common Unit</b>	<b>\$ 0.58</b>	<b>\$ 0.72</b>	<b>\$ 0.33</b>	<b>\$ 0.42</b>	<b>\$ 0.48</b>	<b>(17)%</b>	<b>\$ 2.51</b>	<b>\$ 1.23</b>	<b>(51)%</b>
Less: Retained Capital per Common Unit	\$ (0.09)	\$ (0.11)	\$ (0.05)	\$ (0.06)	\$ (0.07)	(22)%	\$ (0.39)	\$ (0.18)	(54)%
<b>Actual Distribution per Common Unit</b>	<b>\$ 0.49</b>	<b>\$ 0.61</b>	<b>\$ 0.28</b>	<b>\$ 0.36</b>	<b>\$ 0.41</b>	<b>(16)%</b>	<b>\$ 2.12</b>	<b>\$ 1.05</b>	<b>(50)%</b>
Record Date					Nov 7, 2016				
Payable Date					Nov 14, 2016				

A detailed description of Blackstone's distribution policy and the definition of Distributable Earnings can be found on page 32, Definitions and Distribution Policy. DE before Certain Payables represents Distributable Earnings before the deduction for the Payable Under Tax Receivable Agreement and tax expense (benefit) of wholly owned subsidiaries. Per Unit calculations are based on end of period Total Common Units Outstanding (page 31, Unit Rollforward); actual distributions are paid to unitholders as of the applicable record date. Retained capital is withheld pro-rata from common and Blackstone Holdings Partnership unitholders. Common unitholders' share was \$45.5 million for 3Q'16 and \$116.4 million for 3Q'16 YTD.

## Total Assets Under Management

### 3Q'16 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'16	\$ 99,686	\$ 103,197	\$ 68,650	\$ 84,749	\$ 356,282
Inflows	3,361	3,233	2,425	5,714	14,733
Outflows	(270)	(22)	(2,058)	(1,128)	(3,478)
Realizations	(4,469)	(7,346)	(20)	(1,717)	(13,551)
Net Inflows (Outflows)	(1,378)	(4,135)	348	2,869	(2,297)
Market Activity	1,415	2,815	1,116	1,710	7,055
<b>3Q'16</b>	<b>\$ 99,722</b>	<b>\$ 101,877</b>	<b>\$ 70,114</b>	<b>\$ 89,328</b>	<b>\$ 361,040</b>
QoQ Increase (Decrease)	0%	(1)%	2%	5%	1%

### 3Q'16 LTM Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'15	\$ 91,491	\$ 93,188	\$ 68,406	\$ 80,841	\$ 333,926
Inflows	18,859	21,343	9,984	18,330	68,515
Outflows	(1,303)	(509)	(8,223)	(5,189)	(15,225)
Realizations	(13,840)	(18,277)	(354)	(5,925)	(38,396)
Net Inflows	3,716	2,556	1,407	7,216	14,895
Market Activity	4,516	6,133	300	1,271	12,219
<b>3Q'16</b>	<b>\$ 99,722</b>	<b>\$ 101,877</b>	<b>\$ 70,114</b>	<b>\$ 89,328</b>	<b>\$ 361,040</b>
YoY Increase	9%	9%	2%	10%	8%

### 3Q'16 Highlights

#### Private Equity

- ▶ **Inflows:** Strategic Partners (\$2.1 billion); Tactical Opportunities (\$812 million); Core Private Equity (\$257 million).
- ▶ **Realizations:** BCP VI (\$1.4 billion); BCP V (\$1.2 billion); BCP co-investment (\$599 million); Tactical Opportunities (\$578 million); Strategic Partners (\$442 million).
- ▶ **Market Activity:** BCP VI (\$850 million); Tactical Opportunities (\$445 million).

#### Real Estate

- ▶ **Inflows:** Recycled capital from BREP VIII (\$1.4 billion) and BREP Asia (\$573 million); fifth European opportunistic fund (\$429 million); third mezzanine debt fund (\$277 million); U.S. core+ funds (\$224 million).
- ▶ **Realizations:** BREP VIII (\$1.6 billion); BREP VII (\$1.5 billion); BREP co-investment (\$1.2 billion); BREP VI (\$979 million); BREP Asia (\$842 million).
- ▶ **Market Activity:** Carrying value increases of 3.7% and 2.9% within the opportunistic and core+ funds, respectively.

#### Hedge Fund Solutions

- ▶ **Inflows:** Individual investor and specialized solutions (\$1.1 billion); customized solutions (\$692 million); commingled products (\$490 million).
- ▶ **Outflows:** Individual investor and specialized solutions (\$1.1 billion); customized solutions (\$827 million); commingled products (\$77 million).
- ▶ **Market Activity:** BAAM's Principal Solutions Composite up 2.9% gross (2.8% net) during the quarter.

#### Credit

- ▶ **Inflows:** Mezzanine strategies (\$3.4 billion); Long Only (\$957 million); one new CLO (\$509 million); BDCs (\$377 million); hedge fund strategies (\$320 million).
- ▶ **Outflows:** BDCs (\$454 million); hedge fund strategies (\$426 million); Long Only (\$168 million).

Inflows include contributions, capital raised, other increases in available capital, purchases and acquisitions. Outflows represent redemptions, client withdrawals and other decreases in available capital. Realizations represent realizations from the disposition of assets. Market Activity represents gains (losses) on portfolio investments and impact of foreign exchange rate fluctuations.

## Fee-Earning Assets Under Management

### 3Q'16 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'16	\$ 69,467	\$ 66,745	\$ 64,974	\$ 64,821	\$ 266,007
Inflows	2,536	1,036	2,454	2,870	8,895
Outflows	(209)	(8)	(2,058)	(1,086)	(3,361)
Realizations	(2,620)	(2,385)	(17)	(1,567)	(6,589)
Net Inflows (Outflows)	(293)	(1,358)	378	217	(1,055)
Market Activity	174	398	1,083	1,152	2,806
3Q'16	\$ 69,348	\$ 65,785	\$ 66,435	\$ 66,190	\$ 267,758
QoQ Increase (Decrease)	(0)%	(1)%	2%	2%	1%

### 3Q'16 LTM Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'15	\$ 50,560	\$ 64,859	\$ 65,182	\$ 60,338	\$ 240,939
Inflows	29,185	8,295	9,364	14,438	61,282
Outflows	(3,175)	(182)	(8,109)	(4,361)	(15,828)
Realizations	(7,355)	(7,992)	(331)	(5,112)	(20,790)
Net Inflows	18,655	120	924	4,965	24,664
Market Activity	133	806	329	887	2,154
3Q'16	\$ 69,348	\$ 65,785	\$ 66,435	\$ 66,190	\$ 267,758
YoY Increase	37%	1%	2%	10%	11%

### 3Q'16 Highlights

#### Private Equity

- ▶ **Inflows:** Strategic Partners (\$2.1 billion); Tactical Opportunities (\$390 million).
- ▶ **Realizations:** BCP V (\$881 million); BCP VI (\$753 million); Strategic Partners (\$482 million); Tactical Opportunities (\$379 million).

#### Real Estate

- ▶ **Inflows:** BREDS drawdown funds (\$460 million); BPP (\$386 million); BREDS liquid funds (\$149 million).
- ▶ **Realizations:** BREP opportunistic (\$1.1 billion); BREP co-investment (\$637 million); BREDS (\$560 million); BPP (\$124 million).

#### Hedge Fund Solutions

- ▶ **Inflows:** Individual investor and specialized solutions (\$1.1 billion); customized solutions (\$692 million); commingled products (\$490 million).
- ▶ **Outflows:** Individual investor and specialized solutions (\$1.1 billion); customized solutions (\$827 million); commingled products (\$77 million).

#### Credit

- ▶ **Inflows:** Long Only (\$957 million); one new CLO (\$505 million); mezzanine strategies (\$447 million); hedge fund strategies (\$439 million); BDCs (\$377 million).
- ▶ **Realizations:** Capital returned to investors for CLOs outside investment periods (\$914 million); dividends from BDCs (\$238 million); mezzanine strategies (\$180 million).

Inflows include contributions, capital raised, other increases in available capital, purchases and acquisitions. Outflows represent redemptions, client withdrawals and other decreases in available capital. Realizations represent realizations from the disposition of assets. Market Activity represents gains (losses) on portfolio investments and impact of foreign exchange rate fluctuations.



## Net Accrued Performance Fees

(Dollars in Millions, Except per Unit Data)

	2Q'16	3Q'16	3Q'16 Per Unit	QoQ Change
<b>Private Equity</b>				
BCP IV Carried Interest	\$ 143	\$ 158	\$ 0.13	\$ 15
BCP V Carried Interest	373	306	0.26	(67)
BCP VI Carried Interest	385	484	0.41	99
BEP I Carried Interest	61	70	0.06	9
Tactical Opportunities Carried Interest	59	79	0.07	20
BTAS Carried Interest	7	10	0.01	3
Strategic Partners Carried Interest	35	35	0.03	-
Other Carried Interest	1	2	-	1
<b>Total Private Equity</b>	<b>\$ 1,064</b>	<b>\$ 1,144</b>	<b>\$ 0.96</b>	<b>\$ 80</b>
<b>Real Estate</b>				
BREP IV Carried Interest	9	8	0.01	(1)
BREP V Carried Interest	390	331	0.28	(59)
BREP VI Carried Interest	612	488	0.41	(124)
BREP VII Carried Interest	584	551	0.46	(33)
BREP VIII Carried Interest	84	132	0.11	48
BREP Europe III Carried Interest	156	152	0.13	(4)
BREP Europe IV Carried Interest	124	150	0.13	26
BREP Asia Carried Interest	82	102	0.09	20
BPP Carried Interest	44	52	0.04	8
BPP Incentive Fees	21	28	0.02	7
BREDS Carried Interest	14	14	0.01	-
BREDS Incentive Fees	3	2	-	(1)
Asia Platform Incentive Fees	7	7	0.01	-
<b>Total Real Estate</b>	<b>\$ 2,130</b>	<b>\$ 2,017</b>	<b>\$ 1.69</b>	<b>\$ (113)</b>
<b>Hedge Fund Solutions</b>				
Incentive Fees	6	15	0.01	9
<b>Total Hedge Fund Solutions</b>	<b>\$ 6</b>	<b>\$ 15</b>	<b>\$ 0.01</b>	<b>\$ 9</b>
<b>Credit</b>				
Carried Interest	102	139	0.12	37
Incentive Fees	19	20	0.02	1
<b>Total Credit</b>	<b>\$ 121</b>	<b>\$ 159</b>	<b>\$ 0.13</b>	<b>\$ 38</b>
<b>Total Blackstone</b>				
Carried Interest	3,265	3,263	2.74	(2)
Incentive Fees	56	72	0.06	16
<b>Net Accrued Performance Fees</b>	<b>\$ 3,321</b>	<b>\$ 3,335</b>	<b>\$ 2.80</b>	<b>\$ 14</b>
<i>Memo: Net Realized Performance Fees</i>	<i>\$ 121</i>	<i>\$ 85</i>	<i>\$ 0.07</i>	<i>\$ (36)</i>

# \$3.3 billion

Net Accrued Performance Fees at 3Q'16

# \$2.80 per unit

Net Accrued Performance Fees at 3Q'16

Net Accrued Performance Fees are presented net of performance fee compensation and do not include clawback amounts, if any, which are disclosed in the 10-K/Q. Net Realized Performance Fees are included in DE. Net Realized Performance Fees represents Performance Fees realized, but not yet distributed as of the reporting date and included in the Net Accrued Performance Fee balance. When these fees are received, the receivable is reduced without further impacting DE. Per Unit calculations are based on end of period DE Units Outstanding (see page 31, Unit Rollforward).

# Investment Records as of September 30, 2016<sup>(a)</sup>

(Dollars in Thousands, Except Where Noted)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)	
			Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total
<b>Private Equity</b>											
BCP I (Oct 1987 / Oct 1993)	\$ 859,081	\$ -	\$ -	n/a	-	\$ 1,741,738	2.6x	\$ 1,741,738	2.6x	19%	19%
BCP II (Oct 1993 / Aug 1997)	1,361,100	-	-	n/a	-	3,256,819	2.5x	3,256,819	2.5x	32%	32%
BCP III (Aug 1997 / Nov 2002)	3,967,422	-	-	n/a	-	9,184,688	2.3x	9,184,688	2.3x	14%	14%
BCOM (Jun 2000 / Jun 2006)	2,137,330	24,575	21,359	1.7x	-	2,949,591	1.4x	2,970,950	1.4x	6%	6%
BCP IV (Nov 2002 / Dec 2005)	6,773,182	217,886	2,125,204	1.4x	29%	19,095,827	3.2x	21,221,031	2.8x	43%	36%
BCP V (Dec 2005 / Jan 2011)	21,017,728	1,253,958	6,849,581	1.7x	75%	30,692,791	1.9x	37,542,372	1.9x	9%	8%
BCP VI (Jan 2011 / May 2016)	15,187,689	1,908,754	15,469,123	1.3x	23%	3,517,318	1.8x	18,986,441	1.4x	37%	11%
BEP I (Aug 2011 / Feb 2015)	2,436,822	162,546	2,786,424	1.4x	27%	679,656	1.8x	3,466,080	1.5x	44%	14%
BEP II (Feb 2015 / Feb 2021)	4,951,351	4,309,235	445,946	1.1x	-	-	n/a	445,946	1.1x	n/a	n/m
BCP VII (May 2016 / May 2022)	18,898,630	18,772,247	51,636	1.6x	-	-	n/a	51,636	1.6x	n/a	n/m
<b>Total Corporate Private Equity</b>	<b>\$ 77,590,335</b>	<b>\$ 26,649,201</b>	<b>\$ 27,749,273</b>	<b>1.4x</b>	<b>36%</b>	<b>\$ 71,118,428</b>	<b>2.2x</b>	<b>\$ 98,867,701</b>	<b>1.9x</b>	<b>18%</b>	<b>15%</b>
Tactical Opportunities	13,179,861	6,368,316	7,412,876	1.2x	5%	1,898,361	1.5x	9,311,237	1.2x	29%	11%
Tactical Opportunities Co-Investment and Other	1,986,509	702,324	1,442,741	1.2x	-	276,909	1.4x	1,719,650	1.2x	n/a	15%
Strategic Partners I-V and Co-Investment (e)	12,143,182	2,070,134	3,491,609	n/m	-	13,620,041	n/m	17,111,650	1.5x	n/a	13%
Strategic Partners VI LBO, RE and SMA (e)	7,402,171	2,440,032	3,839,293	n/m	-	781,874	n/m	4,621,167	1.3x	n/a	30%
Strategic Partners VII (e)	7,147,505	6,887,623	159,764	n/m	-	-	n/a	159,764	1.1x	n/a	n/m
BCEP (f)	3,424,750	3,424,750	-	n/a	-	-	n/a	-	n/a	n/a	n/a
Other Funds and Co-Investment (g)	1,506,482	468,858	53,053	0.6x	60%	577,706	1.0x	630,759	0.9x	n/a	n/m
<b>Real Estate</b>											
<b>Dollar</b>											
Pre-BREP	\$ 140,714	\$ -	\$ -	n/a	-	\$ 345,190	2.5x	\$ 345,190	2.5x	33%	33%
BREP I (Sep 1994 / Oct 1996)	380,708	-	-	n/a	-	1,327,708	2.8x	1,327,708	2.8x	40%	40%
BREP II (Oct 1996 / Mar 1999)	1,198,339	-	-	n/a	-	2,531,614	2.1x	2,531,614	2.1x	19%	19%
BREP III (Apr 1999 / Apr 2003)	1,522,708	-	-	n/a	-	3,330,406	2.4x	3,330,406	2.4x	21%	21%
BREP IV (Apr 2003 / Dec 2005)	2,198,694	-	477,090	0.5x	17%	4,058,230	2.2x	4,535,320	1.7x	35%	12%
BREP V (Dec 2005 / Feb 2007)	5,539,418	-	3,055,644	2.2x	27%	9,960,604	2.3x	13,016,248	2.3x	12%	11%
BREP VI (Feb 2007 / Aug 2011)	11,060,444	554,547	6,191,837	2.2x	66%	19,656,554	2.4x	25,848,391	2.4x	15%	13%
BREP VII (Aug 2011 / Apr 2015)	13,491,677	2,427,496	14,835,954	1.6x	-	10,271,033	1.9x	25,106,987	1.7x	29%	20%
BREP VIII (Apr 2015 / Oct 2020)	16,148,771	11,221,733	6,150,674	1.2x	1%	1,629,609	1.2x	7,780,283	1.2x	19%	20%
<b>Total Global BREP</b>	<b>\$ 51,681,473</b>	<b>\$ 14,203,776</b>	<b>\$ 30,711,199</b>	<b>1.6x</b>	<b>17%</b>	<b>\$ 53,110,948</b>	<b>2.2x</b>	<b>\$ 83,822,147</b>	<b>1.9x</b>	<b>20%</b>	<b>16%</b>
<b>Euro</b>											
BREP Int'I (Jan 2001 / Sep 2005)	€ 824,172	€ -	€ -	n/a	-	€ 1,365,751	2.1x	€ 1,365,751	2.1x	23%	23%
BREP Int'I II (Sep 2005 / Jun 2008)	1,629,748	-	527,954	1.1x	67%	1,716,152	1.8x	2,244,106	1.6x	8%	5%
BREP Europe III (Jun 2008 / Sep 2013)	3,205,140	467,500	2,947,028	1.8x	-	2,719,888	2.1x	5,666,916	1.9x	23%	16%
BREP Europe IV (Sep 2013 / Mar 2019)	6,704,537	1,725,273	7,005,289	1.3x	2%	654,145	1.4x	7,659,434	1.3x	26%	13%
BREP Europe V (TBD)	6,241,060	6,265,288	-	n/a	-	-	n/a	-	n/a	n/a	n/a
<b>Total Euro BREP</b>	<b>€ 18,604,657</b>	<b>€ 8,458,061</b>	<b>€ 10,480,271</b>	<b>1.4x</b>	<b>5%</b>	<b>€ 6,455,936</b>	<b>1.9x</b>	<b>€ 16,936,207</b>	<b>1.6x</b>	<b>16%</b>	<b>12%</b>
BREP Co-Investment (h)	\$ 6,819,065	\$ 146,573	\$ 3,968,497	1.7x	37%	\$ 8,973,242	2.0x	\$ 12,941,739	1.9x	17%	15%
BREP Asia (Jun 2013 / Dec 2017)	5,082,579	3,219,810	2,755,119	1.5x	2%	1,261,164	1.5x	4,016,283	1.5x	16%	17%
<b>Total BREP</b>	<b>\$ 86,565,707</b>	<b>\$ 27,055,872</b>	<b>\$ 50,490,157</b>	<b>1.5x</b>	<b>14%</b>	<b>\$ 71,952,026</b>	<b>2.1x</b>	<b>\$ 122,442,183</b>	<b>1.8x</b>	<b>19%</b>	<b>16%</b>
BPP (i)	\$ 12,143,289	\$ 3,465,213	\$ 10,493,724	1.2x	-	\$ 107,286	1.9x	\$ 10,601,010	1.2x	36%	14%
BREDS (j)	\$ 11,271,187	\$ 6,860,509	\$ 2,271,859	1.2x	-	\$ 6,259,037	1.3x	\$ 8,530,896	1.3x	12%	11%

Continued...

## Investment Records as of September 30, 2016<sup>(a)</sup> – Continued

(Dollars in Thousands, Except Where Noted)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)	
			Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total
<b>Hedge Fund Solutions</b>											
BSCH (Dec 2013 / Jun 2020) (k)	\$ 3,300,600	\$ 2,630,702	\$ 677,190	1.0x	-	\$ 82,913	n/a	\$ 760,103	1.2x	n/a	3%
BSCH Co-Investment	75,500	31,237	44,495	1.0x	-	1,427	n/a	45,922	1.0x	n/a	1%
<b>Total Hedge Fund Solutions</b>	<b>\$ 3,376,100</b>	<b>\$ 2,661,939</b>	<b>\$ 721,685</b>	<b>1.0x</b>	<b>-</b>	<b>\$ 84,340</b>	<b>n/a</b>	<b>\$ 806,025</b>	<b>1.2x</b>	<b>n/a</b>	<b>3%</b>
<b>Credit (l)</b>											
Mezzanine I (Jul 2007 / Oct 2011)	\$ 2,000,000	\$ 99,280	\$ 231,180	1.6x	-	\$ 4,613,434	1.6x	\$ 4,844,614	1.6x	n/a	17%
Mezzanine II (Nov 2011 / Nov 2016)	4,120,000	1,441,986	3,305,746	1.1x	-	2,167,785	1.5x	5,473,531	1.2x	n/a	14%
Mezzanine III (Sep 2016 / Sep 2021)	6,482,653	6,385,903	96,857	1.0x	-	-	n/a	96,857	1.0x	n/a	n/m
Rescue Lending I (Sep 2009 / May 2013)	3,253,143	399,836	1,405,895	1.2x	-	4,499,705	1.5x	5,905,600	1.4x	n/a	11%
Rescue Lending II (Jun 2013 / Jun 2018)	5,125,000	2,531,694	3,134,660	1.2x	-	271,552	1.2x	3,406,212	1.2x	n/a	16%
Energy Select Opportunities (Nov 2015 / Nov 2018)	2,856,866	2,576,358	384,627	1.2x	-	131,268	1.4x	515,895	1.3x	n/a	n/m
<b>Euro</b>											
European Senior Debt Fund (Feb 2015 / Feb 2018)	€ 1,964,689	€ 3,258,998	€ 646,742	1.0x	-	€ 142,288	1.2x	€ 789,030	1.0x	n/a	n/m
<b>Total Credit</b>	<b>\$ 26,104,072</b>	<b>\$ 17,097,521</b>	<b>\$ 9,285,223</b>	<b>1.1x</b>	<b>-</b>	<b>\$ 11,841,214</b>	<b>1.5x</b>	<b>\$ 21,126,437</b>	<b>1.3x</b>	<b>n/a</b>	<b>14%</b>

The returns presented herein represent those of the applicable Blackstone Funds and not those of The Blackstone Group L.P.

n/m Not meaningful.

n/a Not applicable.

(a) Preliminary.

(b) Available Capital represents total investable capital commitments, including side-by-side, adjusted for certain expenses and expired or callable capital and may include leverage, less invested capital. This amount is not reduced by outstanding commitments to investments.

(c) Multiple of Invested Capital (“MOIC”) represents carrying value, before management fees, expenses and Carried Interest, divided by invested capital.

(d) Net Internal Rate of Return (“IRR”) represents the annualized inception to September 30, 2016 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

(e) Realizations are treated as return of capital until fully recovered and therefore unrealized and realized MOICs are not meaningful.

(f) BCEP, or Blackstone Core Equity Partners, is a core private equity fund which invests with a more modest risk profile and longer hold period.

(g) Returns for Other Funds and Co-Investment are not meaningful as these funds have limited transaction activity.

(h) BREP Co-Investment represents co-investment capital raised for various BREP investments. The Net IRR reflected is calculated by aggregating each co-investment’s realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

(i) BPP represents the core+ real estate funds which invest with a more modest risk profile and lower leverage.

(j) Excludes Capital Trust drawdown funds.

(k) BSCH, or Blackstone Strategic Capital Holdings, is a permanent capital vehicle focused on acquiring strategic minority positions in alternative asset managers.

(l) Funds presented represent the flagship credit drawdown funds only. The Total Credit Net IRR is the combined IRR of the six credit drawdown funds presented.

## Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	3Q'15	4Q'15	1Q'16 <sup>(m)</sup>	2Q'16	3Q'16	3Q'15 YTD	3Q'16 YTD
<b>Net Income (Loss) Attributable to The Blackstone Group L.P.</b>	\$ (254,697)	\$ 200,870	\$ 159,753	\$ 198,626	\$ 312,905	\$ 508,919	\$ 671,284
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	(247,318)	150,734	131,202	201,805	285,267	532,782	618,274
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	30,671	40,717	40,086	64,729	82,653	179,183	187,468
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(12,520)	2,358	(6,401)	(2,049)	10,764	8,787	2,314
<b>Net Income (Loss)</b>	\$ (483,864)	\$ 394,679	\$ 324,640	\$ 463,111	\$ 691,589	\$ 1,229,671	\$ 1,479,340
Provision for Taxes	1,573	46,230	9,146	47,415	27,714	144,168	84,275
<b>Income (Loss) Before Provision for Taxes</b>	\$ (482,291)	\$ 440,909	\$ 333,786	\$ 510,526	\$ 719,303	\$ 1,373,839	\$ 1,563,615
Transaction-Related Charges <sup>(a)</sup>	80,962	(15,279)	64,136	69,956	60,029	504,842	194,121
Amortization of Intangibles <sup>(b)</sup>	30,624	23,287	23,208	23,208	22,054	81,243	68,470
(Income) Associated with Non-Controlling Interests of Consolidated Entities <sup>(c)</sup>	(18,151)	(43,075)	(33,685)	(62,680)	(93,417)	(187,970)	(189,782)
<b>Economic Income (Loss)</b>	\$ (388,856)	\$ 405,842	\$ 387,445	\$ 541,010	\$ 707,969	\$ 1,771,954	\$ 1,636,424
Taxes <sup>(d)</sup>	(27,070)	29,849	(16,794)	(21,234)	(20,985)	(57,376)	(59,013)
<b>Economic Net Income (Loss)</b>	\$ (415,926)	\$ 435,691	\$ 370,651	\$ 519,776	\$ 686,984	\$ 1,714,578	\$ 1,577,411
Taxes <sup>(d)</sup>	27,070	(29,849)	16,794	21,234	20,985	57,376	59,013
Performance Fee Adjustment <sup>(e)</sup>	639,349	(194,026)	(314,065)	(449,372)	(672,646)	(1,604,051)	(1,436,083)
Investment (Income) Loss Adjustment <sup>(f)</sup>	136,131	11,435	26,650	(59,771)	(87,887)	(64,284)	(121,008)
Net Interest Loss <sup>(g)</sup>	9,522	11,846	13,351	13,546	14,184	32,335	41,081
Performance Fee Compensation and Benefits Adjustment <sup>(h)</sup>	(130,479)	75,782	106,075	180,723	267,415	488,778	554,213
<b>Fee Related Earnings</b>	\$ 265,667	\$ 310,879	\$ 219,456	\$ 226,136	\$ 229,035	\$ 624,732	\$ 674,627
Net Realized Performance Fees <sup>(i)</sup>	357,114	505,540	186,733	250,265	350,454	2,015,336	787,452
Realized Investment Income (Loss) <sup>(j)</sup>	87,526	86,993	(10,101)	53,670	60,634	331,815	104,203
Net Interest (Loss) <sup>(g)</sup>	(9,522)	(11,846)	(13,351)	(13,546)	(14,184)	(32,335)	(41,081)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(k)</sup>	(27,070)	(25,819)	(16,794)	(31,588)	(51,089)	(64,651)	(99,471)
Equity-Based Compensation <sup>(l)</sup>	17,819	12,280	22,024	18,522	18,178	90,764	58,724
<b>Distributable Earnings</b>	\$ 691,534	\$ 878,027	\$ 387,967	\$ 503,459	\$ 593,028	\$ 2,965,661	\$ 1,484,454
Interest Expense	44,981	46,511	48,432	48,779	47,265	129,271	144,476
Taxes and Related Payables Including Payable Under Tax Receivable Agreement <sup>(k)</sup>	27,070	25,819	16,794	31,588	51,089	64,651	99,471
Depreciation and Amortization	6,719	6,852	6,292	6,331	7,338	20,361	19,961
<b>Adjusted EBITDA</b>	\$ 770,304	\$ 957,209	\$ 459,485	\$ 590,157	\$ 698,720	\$ 3,179,944	\$ 1,748,362

## Reconciliation of GAAP to Non-GAAP Measures – Notes

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Note: See page 32, Definitions and Distribution Policy.

- (a) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for Transaction-Related Charges which include principally equity-based compensation charges associated with Blackstone's initial public offering and long-term retention programs outside of annual deferred compensation and other corporate actions.
- (b) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for the Amortization of Intangibles which are associated with Blackstone's initial public offering and other corporate actions.
- (c) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes the amount of (Income) Loss Associated with Non-Controlling Interests of Consolidated Entities and includes the amount of Management Fee Revenues associated with Consolidated CLO Entities.
- (d) Taxes represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes.
- (e) This adjustment removes from EI the total segment amount of Performance Fees.
- (f) This adjustment removes from EI the total segment amount of Investment Income (Loss).
- (g) This adjustment represents Interest Income and Dividend Revenue less Interest Expense.
- (h) This adjustment removes from expenses the compensation and benefit amounts related to Blackstone's profit sharing plans related to Performance Fees.
- (i) Represents the adjustment for realized Performance Fees net of corresponding actual amounts due under Blackstone's profit sharing plans related thereto. Equals the sum of Net Realized Incentive Fees and Net Realized Carried Interest.
- (j) Represents the adjustment for Blackstone's Realized Investment Income (Loss).
- (k) Taxes and Related Payables Including Payable Under Tax Receivable Agreement represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes and the Payable Under Tax Receivable Agreement.
- (l) Represents equity-based award expense included in EI, which excludes all transaction-related equity-based charges.
- (m) Blackstone adopted new GAAP stock compensation guidance in 2Q'16 as of January 1, 2016. Adoption changed Provision for Taxes, Net Income, Net Income Attributable to The Blackstone Group L.P. and the number of GAAP Weighted-Average Units Outstanding - Diluted in 1Q'16. Such amounts have been recast in this presentation from the amounts originally reported in 1Q'16.

## Reconciliation of GAAP to Total Segment Measures

(Dollars in Thousands)	1Q'15	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	3Q'16	3Q'15 YTD	3Q'16 YTD
<b>Fee Revenues</b>									
GAAP									
Management and Advisory Fees, Net	\$ 616,768	\$ 574,132	\$ 703,596	\$ 648,009	\$ 608,906	\$ 607,823	\$ 596,154	\$ 1,894,496	\$ 1,812,883
Other	(5,641)	3,976	(813)	10,260	(5,612)	7,935	(423)	(2,478)	1,900
<b>GAAP</b>	<b>\$ 611,127</b>	<b>\$ 578,108</b>	<b>\$ 702,783</b>	<b>\$ 658,269</b>	<b>\$ 603,294</b>	<b>\$ 615,758</b>	<b>\$ 595,731</b>	<b>\$ 1,892,018</b>	<b>\$ 1,814,783</b>
Elimination Adjustment <sup>(a)</sup>	3,764	12,649	5,043	1,662	3,659	5,008	5,524	21,456	14,191
Segment									
Management and Advisory Fees, Net	619,763	586,784	708,667	649,691	613,201	612,220	601,680	1,915,214	1,827,101
Other	(4,872)	3,973	(841)	10,240	(6,248)	8,546	(425)	(1,740)	1,873
<b>Total Segment</b>	<b>\$ 614,891</b>	<b>\$ 590,757</b>	<b>\$ 707,826</b>	<b>\$ 659,931</b>	<b>\$ 606,953</b>	<b>\$ 620,766</b>	<b>\$ 601,255</b>	<b>\$ 1,913,474</b>	<b>\$ 1,828,974</b>
<b>Performance Fees</b>									
GAAP	1,673,108	568,305	(638,108)	193,361	314,493	449,243	671,032	1,603,305	1,434,768
Elimination Adjustment <sup>(a)</sup>	628	1,359	(1,241)	665	(428)	129	1,614	746	1,315
<b>Total Segment</b>	<b>\$ 1,673,736</b>	<b>\$ 569,664</b>	<b>\$ (639,349)</b>	<b>\$ 194,026</b>	<b>\$ 314,065</b>	<b>\$ 449,372</b>	<b>\$ 672,646</b>	<b>\$ 1,604,051</b>	<b>\$ 1,436,083</b>
<b>Investment Income (Loss)</b>									
GAAP	206,203	56,824	(79,346)	20,961	(8,508)	105,139	143,103	183,681	239,734
Consolidation and Elimination Adjustment <sup>(b)</sup>	(16,562)	(46,050)	(56,785)	(32,396)	(18,142)	(45,368)	(55,216)	(119,397)	(118,726)
<b>Total Segment</b>	<b>\$ 189,641</b>	<b>\$ 10,774</b>	<b>\$ (136,131)</b>	<b>\$ (11,435)</b>	<b>\$ (26,650)</b>	<b>\$ 59,771</b>	<b>\$ 87,887</b>	<b>\$ 64,284</b>	<b>\$ 121,008</b>
<b>Interest and Dividend Revenue</b>									
GAAP	21,920	21,965	26,244	24,828	23,075	22,286	21,819	70,129	67,180
Elimination Adjustment <sup>(c)</sup>	8,531	9,061	9,215	9,837	12,006	12,947	11,262	26,807	36,215
<b>Total Segment</b>	<b>\$ 30,451</b>	<b>\$ 31,026</b>	<b>\$ 35,459</b>	<b>\$ 34,665</b>	<b>\$ 35,081</b>	<b>\$ 35,233</b>	<b>\$ 33,081</b>	<b>\$ 96,936</b>	<b>\$ 103,395</b>
<b>Total Revenues</b>									
GAAP	2,512,358	1,225,202	11,573	897,419	932,354	1,192,426	1,431,685	3,749,133	3,556,465
Consolidation and Elimination Adjustment <sup>(d)</sup>	(3,639)	(22,981)	(43,768)	(20,232)	(2,905)	(27,284)	(36,816)	(70,388)	(67,005)
<b>Total Segment</b>	<b>\$ 2,508,719</b>	<b>\$ 1,202,221</b>	<b>\$ (32,195)</b>	<b>\$ 877,187</b>	<b>\$ 929,449</b>	<b>\$ 1,165,142</b>	<b>\$ 1,394,869</b>	<b>\$ 3,678,745</b>	<b>\$ 3,489,460</b>
<b>Compensation</b>									
GAAP	559,559	473,019	393,655	299,958	346,003	355,424	329,634	1,426,233	1,031,061
Consolidation Adjustment <sup>(e)</sup>	(229,721)	(183,667)	(64,080)	(59,504)	(58,600)	(69,269)	(61,039)	(477,468)	(188,908)
<b>Total Segment</b>	<b>\$ 329,838</b>	<b>\$ 289,352</b>	<b>\$ 329,575</b>	<b>\$ 240,454</b>	<b>\$ 287,403</b>	<b>\$ 286,155</b>	<b>\$ 268,595</b>	<b>\$ 948,765</b>	<b>\$ 842,153</b>

Continued...

## Reconciliation of GAAP to Total Segment Measures – Continued

(Dollars in Thousands)	1Q'15	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	3Q'16	3Q'15 YTD	3Q'16 YTD
<b>Other Operating Expenses</b>									
GAAP									
General, Administrative and Other	130,973	146,859	158,664	139,607	123,045	130,988	124,322	436,496	378,355
Interest Expense	31,370	37,414	36,860	38,878	37,356	36,878	37,278	105,644	111,512
<b>GAAP</b>	<b>\$ 162,343</b>	<b>\$ 184,273</b>	<b>\$ 195,524</b>	<b>\$ 178,485</b>	<b>\$ 160,401</b>	<b>\$ 167,866</b>	<b>\$ 161,600</b>	<b>\$ 542,140</b>	<b>\$ 489,867</b>
Consolidation and Elimination Adjustment <sup>(f)</sup>	(19,061)	(15,872)	(37,959)	(23,376)	(11,875)	(10,612)	(10,710)	(72,892)	(33,197)
<b>Total Segment</b>	<b>\$ 143,282</b>	<b>\$ 168,401</b>	<b>\$ 157,565</b>	<b>\$ 155,109</b>	<b>\$ 148,526</b>	<b>\$ 157,254</b>	<b>\$ 150,890</b>	<b>\$ 469,248</b>	<b>\$ 456,670</b>
<b>Total Expenses</b>									
GAAP	1,142,568	914,432	476,997	556,878	617,710	712,603	773,777	2,533,997	2,104,090
Less: GAAP Fund Expenses <sup>(g)</sup>	(16,850)	(41,699)	(18,296)	(2,654)	(5,229)	(8,592)	(15,128)	(76,845)	(28,949)
Consolidation and Elimination Adjustment <sup>(d)</sup>	(248,782)	(199,539)	(102,040)	(82,879)	(70,477)	(79,879)	(71,749)	(550,361)	(222,105)
<b>Total Segment</b>	<b>\$ 876,936</b>	<b>\$ 673,194</b>	<b>\$ 356,661</b>	<b>\$ 471,345</b>	<b>\$ 542,004</b>	<b>\$ 624,132</b>	<b>\$ 686,900</b>	<b>\$ 1,906,791</b>	<b>\$ 1,853,036</b>
<b>GAAP Income (Loss) Before Provision for Taxes to Total Segment Economic Income (Loss)</b>									
GAAP									
Revenues Less Expenses	1,369,790	310,770	(465,424)	340,541	314,644	479,823	657,908	1,215,136	1,452,375
Other Income (Losses) <sup>(h)</sup>	93,555	82,015	(16,867)	100,368	19,142	30,703	61,395	158,703	111,240
Income (Loss) Before Provision for Taxes	1,463,345	392,785	(482,291)	440,909	333,786	510,526	719,303	1,373,839	1,563,615
Consolidation and Elimination Adjustment <sup>(i)</sup>	168,438	136,242	93,435	(35,067)	53,659	30,484	(11,334)	398,115	72,809
<b>Total Segment</b>	<b>\$ 1,631,783</b>	<b>\$ 529,027</b>	<b>\$ (388,856)</b>	<b>\$ 405,842</b>	<b>\$ 387,445</b>	<b>\$ 541,010</b>	<b>\$ 707,969</b>	<b>\$ 1,771,954</b>	<b>\$ 1,636,424</b>

This analysis reconciles the summarized components of Total Segments (pages 3-7) to their respective Total Segment amounts (page 13) and to their equivalent GAAP measures as reported on the Consolidated Statements of Operations (page 1).

- (a) Represents the add back of the management and performance fees earned from consolidated Blackstone Funds which have been eliminated in consolidation.
- (b) Represents the add back of investment income, including general partner income, earned from consolidated Blackstone Funds which have been eliminated in consolidation and the inclusion of investment income on non-consolidated Blackstone Funds which in GAAP is recorded as Other Income (Loss) - Net Gains (Losses) from Fund Investment Activities.
- (c) Represents the elimination of inter-segment interest income and the related expense.
- (d) Represents the total consolidation and elimination adjustments for Total Revenues and Total Expenses, respectively.
- (e) Represents transaction-based equity compensation that is not recorded in the segments.
- (f) Represents the add back for the amortization of transaction based intangibles, which is not recorded in the segments, and the elimination of inter-segment interest expense.
- (g) Represents the reversal of Fund Expenses which are attributable to consolidated Blackstone Funds and not a component of the segments.
- (h) Represents the inclusion of Other Income (Loss) which is a consolidation amount not recorded in the segments.
- (i) Represents the total consolidation and elimination adjustment between GAAP and Total Segments.

## Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

	3Q'16		3Q'16 YTD			
	Results	Per Unit	Results	Per Unit		
▶ Base Management Fees	\$ 593,509		\$ 1,774,208		Fee Earnings	Distributable Earnings
▶ Advisory Fees	1,106		2,864			
▶ Transaction and Other Fees, Net	27,915		106,376			
▶ Management Fee Offsets	(20,850)		(56,347)			
▶ Other Revenue	(425)		1,873			
▶ Compensation	(268,595)		(842,153)			
▶ Non-Interest Operating Expenses	(103,625)		(312,194)			
<b>Fee Related Earnings</b>	<b>\$ 229,035</b>	<b>\$ 0.19</b>	<b>\$ 674,627</b>	<b>\$ 0.56</b>		
▶ Net Realized Incentive Fees	14,859		43,298		Distributable Earnings	Economic Net Income
▶ Net Realized Carried Interest	335,595		744,154			
▶ Realized Investment Income	60,634		104,203			
▶ Net Interest (Loss)	(14,184)		(41,081)			
▶ Taxes and Related Payables	(51,089)		(99,471)			
▶ Equity-Based Compensation	18,178		58,724			
<b>Distributable Earnings</b>	<b>\$ 593,028</b>	<b>\$ 0.48</b>	<b>\$ 1,484,454</b>	<b>\$ 1.23</b>		
▶ Net Unrealized Incentive Fees	18,664		27,634			
▶ Net Unrealized Carried Interest	36,113		66,784			
▶ Unrealized Investment Income	27,253		16,805			
▶ Add Back: Related Payables	30,104		40,458			
▶ Less: Equity-Based Compensation	(18,178)		(58,724)			
<b>Economic Net Income</b>	<b>\$ 686,984</b>	<b>\$ 0.57</b>	<b>\$ 1,577,411</b>	<b>\$ 1.32</b>		

See page 30, Walkdown of Financial Metrics – Calculation of Certain Non-GAAP Financial Metrics for the calculation of the amounts presented herein that are not the respective captions on page 13, Total Segments. 3Q'16 Fee Related Earnings per Unit is based on end of period DE Units Outstanding; 3Q'16 DE per Unit is based on DE attributable to Common Unit Holders (see page 19, Unitholder Distribution) and end of period Total Common Units Outstanding; and 3Q'16 ENI per Unit is based on Weighted-Average ENI Adjusted Units. 3Q'16 YTD per Unit represents the sum of the last three quarters. See page 31, Unit Rollforward.



## Walkdown of Financial Metrics – Calculation of Certain Non-GAAP Financial Metrics

(Dollars in Thousands)	3Q'16	YTD'16
Other Operating Expenses	\$ 150,890	\$ 456,670
Less: Interest Expense	(47,265)	(144,476)
<b>Non-Interest Operating Expenses</b>	<b>\$ 103,625</b>	<b>\$ 312,194</b>
Realized Incentive Fees	30,295	88,108
Less: Realized Incentive Fee Compensation	(15,436)	(44,810)
<b>Net Realized Incentive Fees</b>	<b>\$ 14,859</b>	<b>\$ 43,298</b>
Realized Carried Interest	504,022	1,058,665
Less: Realized Carried Interest Compensation	(168,427)	(314,511)
<b>Net Realized Carried Interest</b>	<b>\$ 335,595</b>	<b>\$ 744,154</b>
Interest Income and Dividend Revenue	33,081	103,395
Less: Interest Expense	(47,265)	(144,476)
<b>Net Interest (Loss)</b>	<b>\$ (14,184)</b>	<b>\$ (41,081)</b>
<b>Equity-Based Compensation<sup>(a)</sup></b>	<b>\$ 18,178</b>	<b>\$ 58,724</b>
<b>Taxes and Related Payables<sup>(b)</sup></b>	<b>\$ (51,089)</b>	<b>\$ (99,471)</b>
Unrealized Incentive Fees	32,172	47,279
Less: Unrealized Incentive Fee Compensation	(13,508)	(19,645)
<b>Net Unrealized Incentive Fees</b>	<b>\$ 18,664</b>	<b>\$ 27,634</b>
Unrealized Carried Interest	106,157	242,031
Less: Unrealized Carried Interest Compensation	(70,044)	(175,247)
<b>Net Unrealized Carried Interest</b>	<b>\$ 36,113</b>	<b>\$ 66,784</b>
<b>Related Payables<sup>(c)</sup></b>	<b>\$ 30,104</b>	<b>\$ 40,458</b>

Unless otherwise noted, all amounts are the respective captions from the Total Segment information.

(a) Represents equity-based award expense included in Economic Income, which excludes all transaction-related equity-based charges.

(b) See page 25, Reconciliation of GAAP to Non-GAAP Measures for this adjustment.

(c) Represents tax-related payables including the Payable Under Tax Receivable Agreement, which is a component of Taxes and Related Payables.

## Unit Rollforward

	3Q'15	4Q'15	1Q'16 <sup>(a)</sup>	2Q'16	3Q'16
Total GAAP Weighted-Average Common Units Outstanding - Basic	638,832,799	641,134,086	644,897,849	646,933,698	650,917,510
<i>Adjustments:</i>					
Weighted-Average Unvested Deferred Restricted Common Units	-	1,794,046	1,332,772	1,309,402	1,495,331
Weighted-Average Blackstone Holdings Partnership Units	-	547,495,655	-	546,235,112	543,392,474
<b>Total GAAP Weighted-Average Units Outstanding - Diluted</b>	<b>638,832,799</b>	<b>1,190,423,787</b>	<b>646,230,621</b>	<b>1,194,478,212</b>	<b>1,195,805,315</b>
<i>Adjustments:</i>					
Weighted-Average Unvested Deferred Restricted Common Units	1,913,028	-	-	-	-
Weighted-Average Blackstone Holdings Partnership Units	550,983,910	-	548,042,780	-	-
<b>Weighted-Average Economic Net Income Adjusted Units</b>	<b>1,191,729,737</b>	<b>1,190,423,787</b>	<b>1,194,273,401</b>	<b>1,194,478,212</b>	<b>1,195,805,315</b>
<b>Economic Net Income Adjusted Units, End of Period</b>	<b>1,191,328,573</b>	<b>1,190,361,741</b>	<b>1,194,083,538</b>	<b>1,194,567,513</b>	<b>1,195,797,124</b>
Total Common Units Outstanding	635,440,608	637,410,828	643,789,108	645,810,990	649,587,761
<i>Adjustments:</i>					
Blackstone Holdings Partnership Units	549,317,005	546,844,892	543,969,293	542,206,078	542,410,515
<b>Distributable Earnings Units Outstanding</b>	<b>1,184,757,613</b>	<b>1,184,255,720</b>	<b>1,187,758,401</b>	<b>1,188,017,068</b>	<b>1,191,998,276</b>

Common Unitholders receive tax benefits from deductions taken by Blackstone's corporate tax paying subsidiaries and bear responsibility for the deduction from Distributable Earnings of the Payable Under Tax Receivable Agreement and certain other tax-related payables. Distributable Earnings Units Outstanding excludes units which are not entitled to distributions.

(a) See page 26 note (m) for information on the 1Q'16 GAAP Weighted-Average Units Outstanding - Diluted.

## Definitions and Distribution Policy

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Blackstone discloses the following financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America (“non-GAAP”) in this presentation:

- Blackstone uses Economic Income, or “EI”, as a key measure of value creation, a benchmark of its performance and in making resource deployment and compensation decisions across its four segments. EI represents segment net income before taxes excluding transaction-related charges. Transaction-related charges arise from Blackstone’s initial public offering (“IPO”) and long-term retention programs outside of annual deferred compensation and other corporate actions, including acquisitions. Transaction-related charges include equity-based compensation charges, the amortization of intangible assets and contingent consideration associated with acquisitions. EI presents revenues and expenses on a basis that deconsolidates the investment funds Blackstone manages.
- Economic Net Income, or “ENI”, represents EI adjusted to include current period taxes. Taxes represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes.
- Blackstone uses Fee Related Earnings, or “FRE”, which is derived from EI, as a measure to highlight earnings from operations excluding: (a) the income related to performance fees and related performance fee compensation, (b) income earned from Blackstone’s investments in the Blackstone Funds and (c) net interest income (loss). Blackstone uses FRE as a measure to assess whether recurring revenue from its businesses is sufficient to adequately cover all of its operating expenses and generate profits. FRE equals contractual fee revenues less (a) compensation expenses (which includes amortization of non-IPO and non-acquisition-related equity-based awards, but excludes amortization of IPO and acquisition-related equity-based awards, Carried Interest and incentive fee compensation), and (b) non-interest operating expenses.
- Distributable Earnings, or “DE”, which is derived from Blackstone’s segment reported results, is a supplemental measure to assess performance and amounts available for distributions to Blackstone unitholders, including Blackstone personnel and others who are limited partners of the Blackstone Holdings partnerships. DE is intended to show the amount of net realized earnings without the effects of the consolidation of the Blackstone Funds. DE, which is a component of ENI, is the sum across all segments of: (a) Total Management and Advisory Fees, (b) Interest and Dividend Revenue, (c) Other Revenue, (d) Realized Performance Fees, and (e) Realized Investment Income (Loss); less (a) Compensation, excluding the expense of equity-based awards, (b) Realized Performance Fee Compensation, (c) Other Operating Expenses, and (d) Taxes and Related Payables Under the Tax Receivable Agreement. DE is reconciled to Blackstone’s Consolidated Statement of Operations.
- Blackstone uses Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization, or “Adjusted EBITDA”, as a supplemental non-GAAP measure derived from segment reported results and may be used to assess its ability to service its borrowings. Adjusted EBITDA represents DE plus the addition of (a) Interest Expense, (b) Taxes and Related Payables Including Payable Under Tax Receivable Agreement, and (c) Depreciation and Amortization.

Distribution Policy. Blackstone’s intention is to distribute quarterly to common unitholders approximately 85% of The Blackstone Group L.P.’s share of Distributable Earnings, subject to adjustment by amounts determined by Blackstone’s general partner to be necessary or appropriate to provide for the conduct of its business, to make appropriate investments in its business and funds, to comply with applicable law, any of its debt instruments or other agreements, or to provide for future cash requirements such as tax-related payments, clawback obligations and distributions to unitholders for any ensuing quarter. The amount to be distributed could also be adjusted upward in any one quarter. All of the foregoing is subject to the qualification that the declaration and payment of any distributions are at the sole discretion of Blackstone’s general partner and may change its distribution policy at any time, including, without limitation, to eliminate such distributions entirely.

## Forward-Looking Statements

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This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

This presentation does not constitute an offer of any Blackstone Fund.