



Blackstone Reports Fourth Quarter and Full Year 2016 Results

New York, January 26, 2017: Blackstone (NYSE:BX) today reported its fourth quarter and full year 2016 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Blackstone’s most recent results marked a strong finish to a turbulent year, as fourth quarter earnings nearly doubled versus the prior year period. Full year earnings rose significantly due to greater appreciation across the investment funds as well as strong growth in fee related income. Our robust investment returns attracted best-in-class capital inflows, driving Total Assets Under Management to \$367 billion, another record. And we continue to pay substantial distributions to our unitholders, delivering over \$8 billion of value in the past three years, which is the highest of any public firm in our industry.”

Blackstone issued a full detailed presentation of its fourth quarter and full year 2016 results, which can be viewed at www.blackstone.com.

Distribution

Blackstone has declared a quarterly distribution of \$0.47 per common unit to record holders of common units at the close of business on February 6, 2017. This distribution will be paid on February 13, 2017.

Quarterly Investor Call Details

Blackstone will host a conference call on January 26, 2017 at 11:00 a.m. ET to discuss fourth quarter and full year 2016 results. The conference call can be accessed via the Investors section of Blackstone’s website at 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 or by dialing +1 (888) 286-8010 (U.S. domestic) or +1 (617) 801-6888 (international), pass code 453 218 99#.

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. 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. 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.

Investor and Media Relations Contacts

Joan Solotar
Blackstone
Tel: +1 (212) 583-5068
solotar@blackstone.com

Weston Tucker
Blackstone
Tel: +1 (212) 583-5231
tucker@blackstone.com

Christine Anderson
Blackstone
Tel: +1 (212) 583-5182
Christine.Anderson@blackstone.com

Blackstone's Fourth Quarter and Full Year 2016 Earnings

January 26, 2017

Blackstone's Fourth Quarter and Full Year 2016 GAAP Results

- GAAP Net Income was \$770 million for the quarter, and \$2.2 billion for the year. GAAP Net Income Attributable to The Blackstone Group L.P. was \$368 million for the quarter and \$1.0 billion for the year.

(Dollars in Thousands, Except per Unit Data) (Unaudited)	4Q'15	4Q'16	% Change vs. 4Q'15	FY'15	FY'16	% Change vs. FY'15
Revenues						
Management and Advisory Fees, Net	\$ 648,009	\$ 630,092	(3)%	\$ 2,542,505	\$ 2,442,975	(4)%
Performance Fees						
Realized Carried Interest	625,024	416,197	(33)%	3,205,290	1,474,830	(54)%
Realized Incentive Fees	82,463	82,382	(0)%	193,238	170,537	(12)%
Unrealized Carried Interest	(471,164)	239,224	n/m	(1,595,174)	481,304	n/m
Unrealized Incentive Fees	(42,962)	3,760	n/m	(6,688)	49,660	n/m
Total Performance Fees	193,361	741,563	284%	1,796,666	2,176,331	21%
Investment Income (Loss)						
Realized	109,466	106,350	(3)%	555,171	278,737	(50)%
Unrealized	(88,505)	9,967	n/m	(350,529)	77,314	n/m
Total Investment Income	20,961	116,317	455%	204,642	356,051	74%
Interest and Dividend Revenue	24,828	28,544	15%	94,957	95,724	1%
Other	10,260	52,853	415%	7,782	54,753	604%
Total Revenues	897,419	1,569,369	75%	4,646,552	5,125,834	10%
Expenses						
Compensation and Benefits						
Compensation	299,958	304,347	1%	1,726,191	1,335,408	(23)%
Performance Fee Compensation						
Realized Carried Interest	165,722	141,443	(15)%	793,801	455,954	(43)%
Realized Incentive Fees	36,819	33,286	(10)%	85,945	78,096	(9)%
Unrealized Carried Interest	(107,820)	137,591	n/m	(312,696)	312,838	n/m
Unrealized Incentive Fees	(18,940)	1,489	n/m	(2,490)	21,134	n/m
Total Compensation and Benefits	375,739	618,156	65%	2,290,751	2,203,430	(4)%
General, Administrative and Other	139,607	141,954	2%	576,103	520,309	(10)%
Interest Expense	38,878	41,142	6%	144,522	152,654	6%
Fund Expenses	2,654	23,232	775%	79,499	52,181	(34)%
Total Expenses	556,878	824,484	48%	3,090,875	2,928,574	(5)%
Other Income						
Reversal of Tax Receivable Agreement Liability	82,707	-	(100)%	82,707	-	(100)%
Net Gains from Fund Investment Activities	17,661	73,510	316%	176,364	184,750	5%
Income Before Provision for Taxes	\$ 440,909	\$ 818,395	86%	\$ 1,814,748	\$ 2,382,010	31%
Provision for Taxes	46,230	48,087	4%	190,398	132,362	(30)%
Net Income	\$ 394,679	\$ 770,308	95%	\$ 1,624,350	\$ 2,249,648	38%
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	2,358	1,663	(29)%	11,145	3,977	(64)%
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	40,717	58,684	44%	219,900	246,152	12%
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	150,734	342,010	127%	683,516	960,284	40%
Net Income Attributable to The Blackstone Group L.P. ("BX")	\$ 200,870	\$ 367,951	83%	\$ 709,789	\$ 1,039,235	46%
Net Income per Common Unit, Basic	\$ 0.31	\$ 0.56	81%	\$ 1.12	\$ 1.60	43%
Net Income per Common Unit, Diluted	\$ 0.23	\$ 0.55	139%	\$ 1.04	\$ 1.56	50%

n/m = not meaningful.

Blackstone's Fourth Quarter and Full Year 2016 Highlights

- ▶ Economic Net Income (“ENI”) was \$812 million (\$0.68/unit) in the quarter, up 86% year-over-year, on \$1.6 billion of Total Segment Revenues.
 - ENI was \$2.4 billion (\$2.00/unit) for the year on \$5.1 billion of Total Segment Revenues.
- ▶ Distributable Earnings (“DE”) was \$692 million (\$0.55/unit) in the quarter, on \$500 million of Realized Performance Fees.
 - DE was \$2.2 billion (\$1.78/unit) for the year on \$1.6 billion of Realized Performance Fees.
- ▶ Fee Related Earnings (“FRE”) was \$328 million in the fourth quarter, on \$689 million of Fee Revenues.
 - FRE was \$1.0 billion for the year, up 7% year-over-year, on \$2.5 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 \$366.6 billion through a combination of strong fundraising and organic expansion.
 - Gross inflows were \$16.7 billion in the quarter, bringing full year inflows to \$69.7 billion.
 - Total AUM increased 9% year-over-year and Fee-Earning AUM was up 13% to \$277.1 billion.
- ▶ Capital deployed of \$8.0 billion in the quarter and \$23.1 billion in the year was achieved by leveraging Blackstone’s diverse platform to find opportunities globally.
- ▶ Blackstone declared a fourth quarter distribution of \$0.47 per common unit payable on February 13, 2017, bringing the full year distribution to \$1.52 per common unit.

Blackstone's Fourth Quarter and Full Year 2016 Segment Earnings

(Dollars in Thousands, Except per Unit Data)	4Q'15	4Q'16	% Change vs. 4Q'15	FY'15	FY'16	% Change vs. FY'15
Fee Revenues	\$ 659,931	\$ 688,731	4%	\$ 2,573,405	\$ 2,517,705	(2)%
Performance Fees	194,026	741,903	282%	1,798,077	2,177,986	21%
Investment Income (Loss)	(11,435)	99,282	n/m	52,849	220,290	317%
Interest Income and Dividend Revenue	34,665	42,488	23%	131,601	145,883	11%
Total Revenues	877,187	1,572,404	79%	4,555,932	5,061,864	11%
Total Expenses	471,345	727,544	54%	2,378,136	2,580,580	9%
Taxes	(29,849)	33,250	n/m	27,527	92,263	235%
Economic Net Income	\$ 435,691	\$ 811,610	86%	\$ 2,150,269	\$ 2,389,021	11%
<i>ENI per Unit</i>	<i>\$ 0.37</i>	<i>\$ 0.68</i>	<i>84%</i>	<i>\$ 1.82</i>	<i>\$ 2.00</i>	<i>10%</i>
Fee Related Earnings	\$ 310,879	\$ 328,026	6%	\$ 935,611	\$ 1,002,653	7%
Distributable Earnings	\$ 878,027	\$ 691,833	(21)%	\$ 3,843,688	\$ 2,176,287	(43)%
<i>DE per Common Unit</i>	<i>\$ 0.72</i>	<i>\$ 0.55</i>	<i>(24)%</i>	<i>\$ 3.23</i>	<i>\$ 1.78</i>	<i>(45)%</i>
Total AUM	\$ 336,384,575	\$ 366,553,465	9%	\$ 336,384,575	\$ 366,553,465	9%
Fee-Earning AUM	\$ 246,146,372	\$ 277,092,672	13%	\$ 246,146,372	\$ 277,092,672	13%

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 4.5% in the quarter, driven by appreciation in the private investment portfolio, and increased 10.7% for the year.
- ▶ Realizations of \$3.8 billion in the quarter were driven mainly by public and strategic sales across the segment, bringing full year realizations to \$14.2 billion.
- ▶ Invested or committed \$4.7 billion during the quarter and \$11.1 billion for the year across the segment.
- ▶ Inflows of \$3.2 billion in the quarter included closings for Tactical Opportunities, the core private equity fund and Strategic Partners bringing full year inflows to \$16.9 billion.
- ▶ Total AUM increased 6% year-over-year to \$100.2 billion, driven by fundraising across all strategies within the segment, which more than offset significant realization activity.
- ▶ Fee-Earning AUM increased 34% year-over-year due to the commencement of investment periods of various flagship funds across the segment.

(Dollars in Thousands)	4Q'15	4Q'16	% Change vs. 4Q'15	FY'15	FY'16	% Change vs. FY'15
Fee Revenues	\$ 157,183	\$ 176,662	12%	\$ 518,553	\$ 581,655	12%
Performance Fees	161,061	252,794	57%	757,032	670,049	(11)%
Investment Income	32,823	23,938	(27)%	73,311	68,534	(7)%
Interest Income and Dividend Revenue	9,812	11,746	20%	33,218	40,271	21%
Total Revenues	360,879	465,140	29%	1,382,114	1,360,509	(2)%
Compensation	70,651	73,154	4%	280,248	310,457	11%
Performance Fee Compensation	73,365	116,659	59%	246,750	274,819	11%
Other Operating Expenses	53,900	52,465	(3)%	199,158	196,433	(1)%
Total Expenses	197,916	242,278	22%	726,156	781,709	8%
Economic Income	\$ 162,963	\$ 222,862	37%	\$ 655,958	\$ 578,800	(12)%
Total AUM	\$ 94,280,074	\$ 100,192,950	6%	\$ 94,280,074	\$ 100,192,950	6%
Fee-Earning AUM	\$ 51,451,196	\$ 69,113,409	34%	\$ 51,451,196	\$ 69,113,409	34%

10.7%

FY'16 Increase in Corporate
Private Equity Carrying Value

\$14.2 billion

FY'16 Realizations

\$100.2 billion

Total AUM up 6% YoY

Real Estate

- ▶ Scale and reach of global platform resulted in \$17.6 billion of realizations, \$12.6 billion capital invested or committed and \$15.2 billion capital raised in 2016.
- ▶ Opportunistic funds' carrying value was up 4.6% during the quarter and 11.1% for the full year; core+ funds' carrying value was up 2.0% in the quarter and 10.9% for the year.
- ▶ Realizations of \$3.5 billion in the quarter, driven by the public stock sales of Hilton and Hudson Pacific Properties.
 - Additionally, more than \$5.0 billion of realizations closed or under contract and expected to close in early 2017.
- ▶ Invested or committed \$5.3 billion in the quarter, including the closing of several large U.S. core+ acquisitions.
- ▶ Inflows of \$2.3 billion in the quarter across the platform include \$904 million in core+ funds, \$754 million in BREDS funds, and a closing for the fifth European opportunistic fund of \$379 million.
- ▶ Total AUM up 9% and Fee-Earning AUM up 7% year-over-year to \$102.0 billion and \$72.0 billion, respectively.
 - Total AUM is up 28% in the past three years despite \$58.4 billion of realizations.

(Dollars in Thousands)	4Q'15	4Q'16	% Change		FY'15	FY'16	% Change	
			vs. 4Q'15				vs. FY'15	
Fee Revenues	\$ 248,252	\$ 235,932	(5)%		\$ 750,890	\$ 899,686	20%	
Performance Fees	127,734	358,319	181%		992,146	1,121,639	13%	
Investment Income (Loss)	(27,341)	59,749	n/m		3,693	121,593	n/m	
Interest Income and Dividend Revenue	12,677	15,508	22%		43,990	54,240	23%	
Total Revenues	361,322	669,508	85%		1,790,719	2,197,158	23%	
Compensation	94,808	82,000	(14)%		358,381	385,352	8%	
Performance Fee Compensation	50,751	136,304	169%		305,185	406,354	33%	
Other Operating Expenses	53,636	55,756	4%		179,175	203,962	14%	
Total Expenses	199,195	274,060	38%		842,741	995,668	18%	
Economic Income	\$ 162,127	\$ 395,448	144%		\$ 947,978	\$ 1,201,490	27%	
Total AUM	\$ 93,917,824	\$ 101,963,652	9%		\$ 93,917,824	\$ 101,963,652	9%	
Fee-Earning AUM	\$ 67,345,357	\$ 72,030,054	7%		\$ 67,345,357	\$ 72,030,054	7%	

11.1%

FY'16 Increase in Opportunistic
Funds' Carrying Value

\$17.6 billion

FY'16 Realizations

\$102.0 billion

Total AUM up 9% YoY

Hedge Fund Solutions

- ▶ The BPS Composite gross return was 2.3% in the fourth quarter, and 3.5% for the year, including 6.7% in the last nine months, demonstrating a strong recovery from challenging market conditions in the first quarter.
- ▶ Total AUM inflows of \$3.2 billion during the quarter and \$10.8 billion for the year, driven by customized solutions, commingled products and individual investor and specialized solutions.
 - Despite challenging market conditions for hedge funds, continued investor confidence in BAAM's ability to identify strategic opportunities while managing risk led to positive Net Inflows for the year.
 - January 1 subscriptions of \$675 million are not yet included in AUM.
- ▶ Total AUM reached \$71.1 billion in the quarter, driven by continued platform diversification and growth in customized strategies.

(Dollars in Thousands)	4Q'15	4Q'16	% Change vs. 4Q'15	FY'15	FY'16	% Change vs. FY'15
Fee Revenues	\$ 132,994	\$ 140,237	5%	\$ 525,074	\$ 530,954	1%
Performance Fees	(4,271)	25,573	n/m	62,134	43,466	(30)%
Investment Income (Loss)	(1,680)	5,424	n/m	(14,176)	8,238	n/m
Interest Income and Dividend Revenue	5,219	7,890	51%	17,274	23,083	34%
Total Revenues	132,262	179,124	35%	590,306	605,741	3%
Compensation	33,131	39,509	19%	179,484	185,320	3%
Performance Fee Compensation	(119)	9,665	n/m	25,066	19,870	(21)%
Other Operating Expenses	24,220	27,840	15%	90,072	108,636	21%
Total Expenses	57,232	77,014	35%	294,622	313,826	7%
Economic Income	\$ 75,030	\$ 102,110	36%	\$ 295,684	\$ 291,915	(1)%
Total AUM	\$ 69,105,425	\$ 71,119,718	3%	\$ 69,105,425	\$ 71,119,718	3%
Fee-Earning AUM	\$ 65,665,439	\$ 66,987,553	2%	\$ 65,665,439	\$ 66,987,553	2%

3.5%
FY'16 BPS Composite Gross Return

\$10.8 billion
FY'16 Total AUM Inflows

\$71.1 billion
Total AUM up 3% 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 2.1% for 4Q'16, 2.7% for FY'16, and 6.1% for the nine months ended December 31, 2016. The BPS Composite return for the six months ended December 31, 2016 was 5.3% gross, 4.9% net.

Credit

- ▶ Strong performance across strategies during the year, resulting in gross returns of 22.6% in Performing Credit and 17.5% in Distressed Strategies.
 - Gross composite returns for the quarter were up 4.7% and 6.4% for Performing Credit and Distressed Strategies, respectively.
 - Performance was driven by appreciation of energy investments and distressed debt positions across funds.
- ▶ Total AUM reached a record \$93.3 billion, up 18% year-over-year, driven by capital raised across strategies.
 - Launched five CLOs during the quarter which totaled \$2.6 billion, ending the year with nine new CLOs totaling \$4.8 billion of AUM.
 - The SPDR Blackstone / GSO Senior Loan ETF crossed the \$1.0 billion mark with \$219 million of capital added in the fourth quarter.
 - Raised \$2.9 billion in the quarter for a co-investment fund designed to invest in parallel with the newest mezzanine fund.
- ▶ Invested or committed \$3.1 billion during the quarter and \$5.7 billion for the year across the segment.

(Dollars in Thousands)	4Q'15	4Q'16	% Change vs. 4Q'15	FY'15	FY'16	% Change vs. FY'15
Fee Revenues	\$ 121,502	\$ 135,900	12%	\$ 482,459	\$ 505,410	5%
Performance Fees	(90,498)	105,217	n/m	(13,235)	342,832	n/m
Investment Income (Loss)	(15,237)	10,171	n/m	(9,072)	21,925	n/m
Interest Income and Dividend Revenue	6,957	7,344	6%	24,599	28,289	15%
Total Revenues	22,724	258,632	n/m	484,751	898,456	85%
Compensation	41,864	46,400	11%	190,189	202,087	6%
Performance Fee Compensation	(48,215)	51,181	n/m	(12,441)	166,979	n/m
Other Operating Expenses	23,353	36,611	57%	93,626	120,311	29%
Total Expenses	17,002	134,192	689%	271,374	489,377	80%
Economic Income	\$ 5,722	\$ 124,440	n/m	\$ 213,377	\$ 409,079	92%
Total AUM	\$ 79,081,252	\$ 93,277,145	18%	\$ 79,081,252	\$ 93,277,145	18%
Fee-Earning AUM	\$ 61,684,380	\$ 68,961,656	12%	\$ 61,684,380	\$ 68,961,656	12%

FY'16 Composite Gross Returns

Performing Credit	22.6%
Distressed	17.5%

\$23.0 billion

FY'16 Total AUM Inflows

\$93.3 billion

Total AUM up 18% YoY

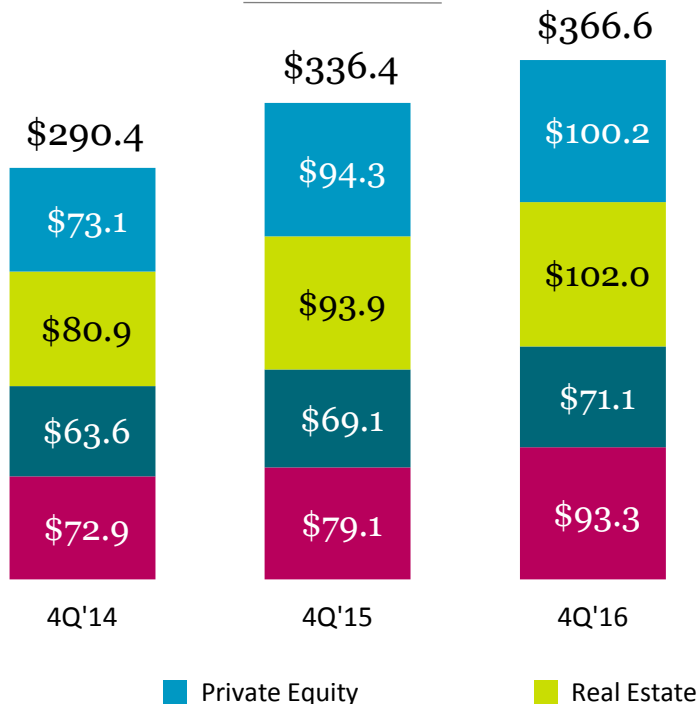
Performing Credit Strategies include mezzanine lending funds, Business Development Companies ("BDCs") and other performing credit strategy funds. Distressed Strategies include hedge fund strategies, rescue lending funds and distressed energy strategies. The composite gross returns represent a weighted-average 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 3.4% and 16.7% for 4Q'16 and FY'16. Distressed Strategies' net returns were 5.4% and 13.3% for 4Q'16 and FY'16. The breakdown of Total AUM for 4Q'16 is as follows: Distressed Strategies \$22.7 billion (33% Incentive Fee, 67% Carried Interest), Performing Credit Strategies \$36.8 billion (49% Incentive Fee, 51% Carried Interest), and Long Only \$33.8 billion. The breakdown of Fee-Earning AUM for 4Q'16 is as follows: Distressed Strategies \$13.1 billion (51% Incentive Fee, 49% Carried Interest), Performing Credit Strategies \$22.7 billion (80% Incentive Fee, 20% Carried Interest), and Long Only \$33.2 billion.

Assets Under Management

- ▶ Total AUM increased 9% year-over-year to \$366.6 billion driven by \$69.7 billion of gross inflows.
 - Each segment experienced growth despite \$57.7 billion of capital returned to investors during the year.
- ▶ Fee-Earning AUM of \$277.1 billion was up 13% year-over-year as \$68.3 billion of gross inflows significantly outpaced \$42.3 billion of realizations and outflows.

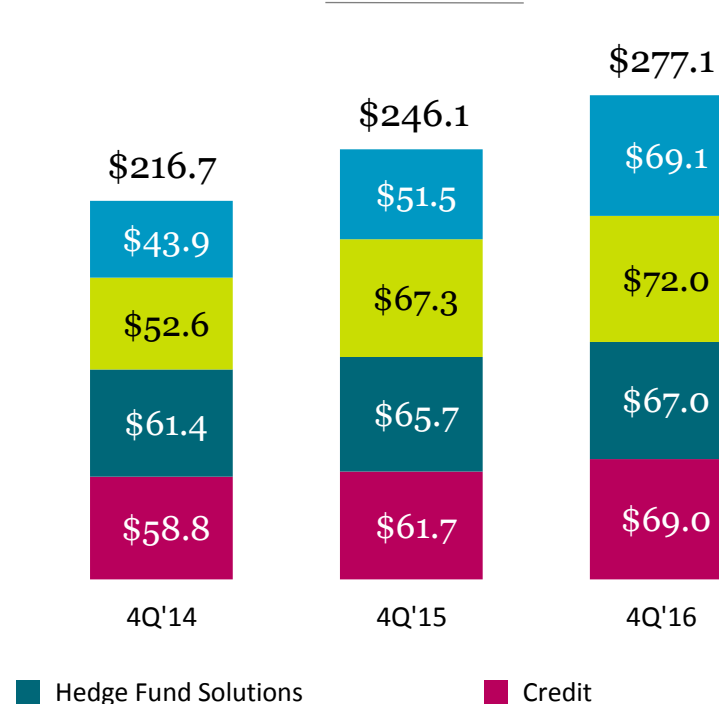
Total AUM by Segment

(Dollars in Billions)



Fee-Earning AUM by Segment

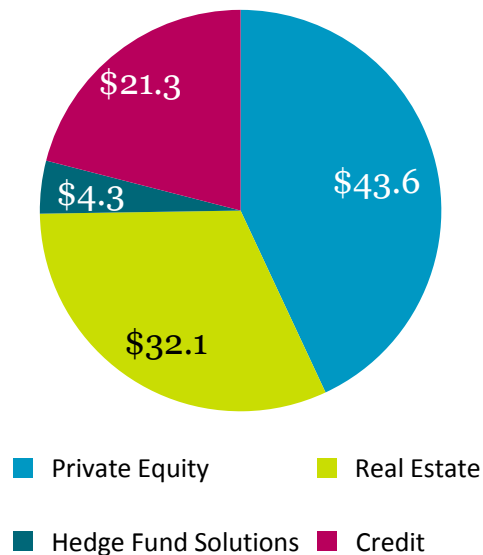
(Dollars in Billions)



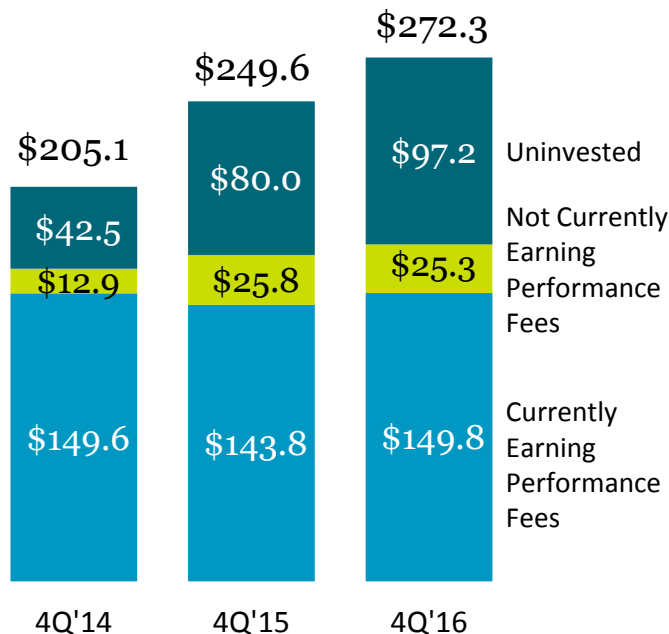
Additional Capital Detail

- ▶ Undrawn capital (“Total Dry Powder”) was \$101.3 billion, up 27% year-over-year, driven by recent fundraises for the latest global private equity fund and the latest European opportunistic real estate fund.
 - 77% of Total Dry Powder was raised in 2015 and 2016.
- ▶ Performance Fee Eligible AUM reached \$272.3 billion at quarter end, up 9% year-over-year, despite significant realizations in the Real Estate and Private Equity segments.

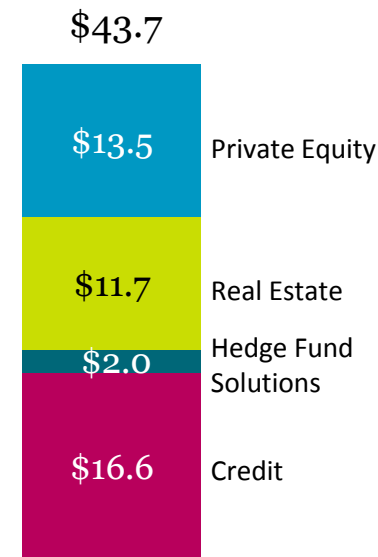
\$101 billion 4Q'16
Total Dry Powder



\$272 billion Performance
Fee Eligible AUM

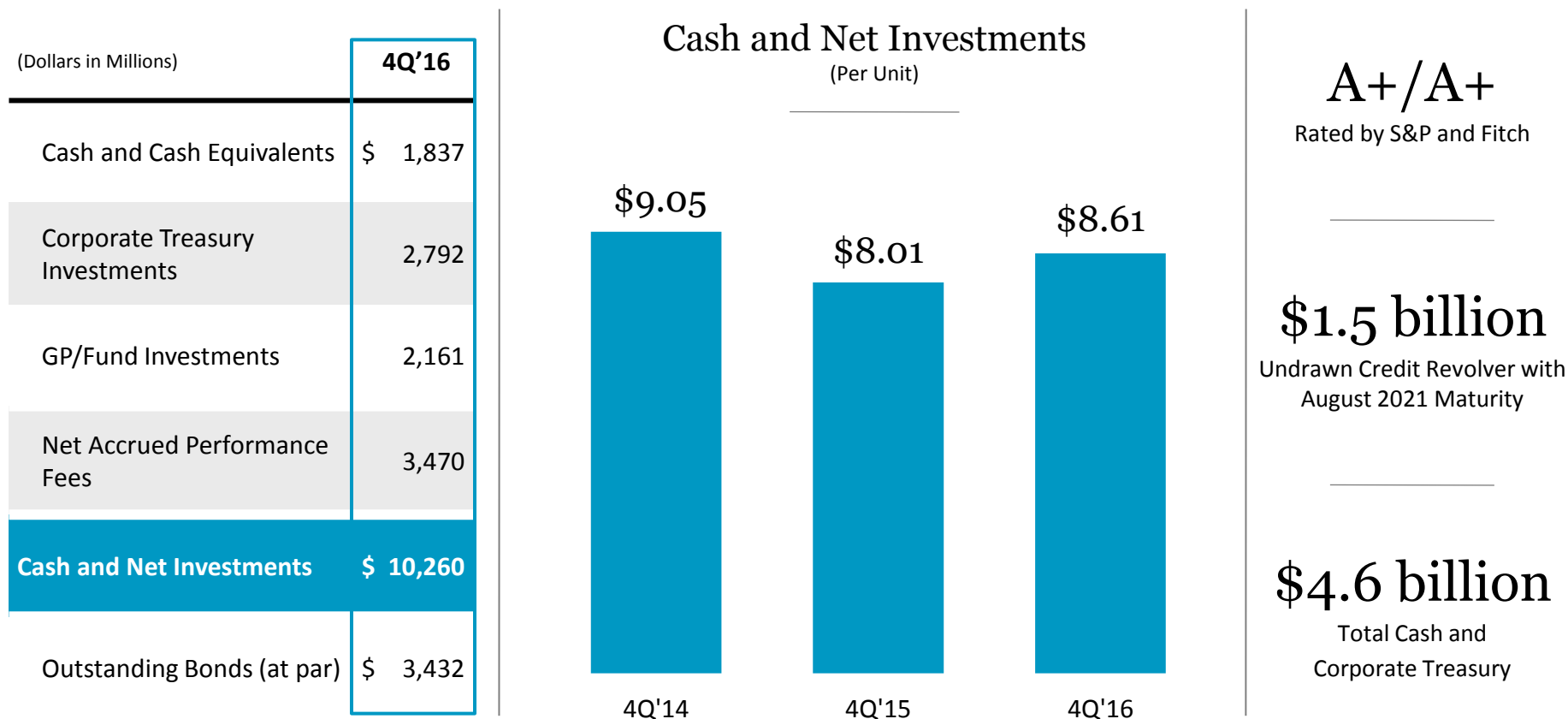


\$44 billion Not Currently
Earning Management Fees



Deconsolidated Balance Sheet Highlights

- ▶ At December 31, 2016, Blackstone had \$4.6 billion in total cash, cash equivalents, and corporate treasury investments and \$10.3 billion of cash and net investments, or \$8.61 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.

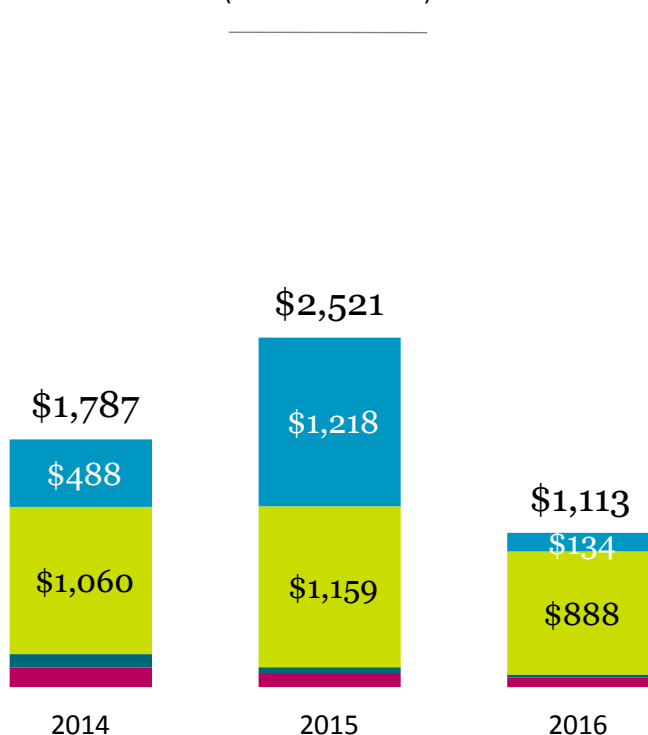


Balance Sheet Highlights are preliminary, and exclude the consolidated Blackstone Funds. Investments include Blackstone investments in Private Equity, Real Estate, Hedge Fund Solutions, and Credit, which were \$758 million, \$1.0 billion, \$128 million, and \$272 million, respectively, as of December 31, 2016, \$860 million, \$972 million, \$125 million, and \$213 million, respectively, as of December 31, 2015 and \$994 million, \$1.3 billion, \$126 million, and \$247 million, respectively, as of December 31, 2014. Total Net Value per unit amounts are calculated using period end DE Units Outstanding.

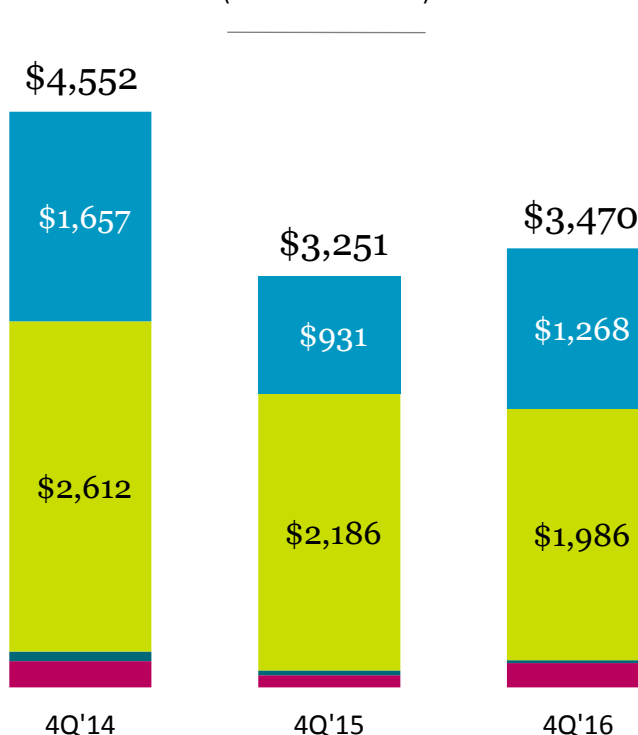
Performance Fees

- ▶ Net Accrued Performance Fees were \$3.5 billion (\$2.91/unit), up 7% year-over-year, despite realizing Net Performance Fees of \$1.1 billion during the year.

Net Realized Performance Fees
(Dollars in Millions)



Net Accrued Performance Fees
(Dollars in Millions)



\$3.5 billion

Net Accrued Performance Fees
at 4Q'16

\$2.91 per unit

Net Accrued Performance Fees
at 4Q'16

7%

YoY Growth in
Net Accrued Performance Fees

■ Private Equity ■ Real Estate ■ Hedge Fund Solutions ■ Credit

Appendix

Total Segments

(Dollars in Thousands)	4Q'15	1Q'16	2Q'16	3Q'16	4Q'16	FY'15	FY'16
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 599,407	\$ 586,703	\$ 593,996	\$ 593,509	\$ 623,571	\$ 2,196,583	\$ 2,397,779
Advisory Fees	742	481	1,277	1,106	343	308,131	3,207
Transaction and Other Fees, Net	72,481	46,118	32,343	27,915	35,275	153,685	141,651
Management Fee Offsets	(22,939)	(20,101)	(15,396)	(20,850)	(23,297)	(93,494)	(79,644)
Total Management and Advisory Fees, Net	649,691	613,201	612,220	601,680	635,892	2,564,905	2,462,993
Performance Fees							
Realized Carried Interest	625,610	230,909	323,734	504,022	416,250	3,205,876	1,474,915
Realized Incentive Fees	82,472	28,450	29,363	30,295	83,993	194,746	172,101
Unrealized Carried Interest	(471,222)	47,606	88,268	106,157	239,210	(1,595,296)	481,241
Unrealized Incentive Fees	(42,834)	7,100	8,007	32,172	2,450	(7,249)	49,729
Total Performance Fees	194,026	314,065	449,372	672,646	741,903	1,798,077	2,177,986
Investment Income (Loss)							
Realized	86,993	(10,101)	53,670	60,634	95,666	418,808	199,869
Unrealized	(98,428)	(16,549)	6,101	27,253	3,616	(365,959)	20,421
Total Investment Income (Loss)	(11,435)	(26,650)	59,771	87,887	99,282	52,849	220,290
Interest Income and Dividend Revenue	34,665	35,081	35,233	33,081	42,488	131,601	145,883
Other	10,240	(6,248)	8,546	(425)	52,839	8,500	54,712
Total Revenues	877,187	929,449	1,165,142	1,394,869	1,572,404	4,555,932	5,061,864
Expenses							
Compensation	240,454	287,403	286,155	268,595	241,063	1,189,219	1,083,216
Performance Fee Compensation							
Realized Carried Interest	165,721	58,503	87,581	168,427	141,443	793,800	455,954
Realized Incentive Fees	36,821	14,123	15,251	15,436	33,286	85,946	78,096
Unrealized Carried Interest	(107,820)	30,001	75,202	70,044	137,591	(312,696)	312,838
Unrealized Incentive Fees	(18,940)	3,448	2,689	13,508	1,489	(2,490)	21,134
Total Compensation and Benefits	316,236	393,478	466,878	536,010	554,872	1,753,779	1,951,238
Other Operating Expenses	155,109	148,526	157,254	150,890	172,672	624,357	629,342
Total Expenses	471,345	542,004	624,132	686,900	727,544	2,378,136	2,580,580
Economic Income	\$ 405,842	\$ 387,445	\$ 541,010	\$ 707,969	\$ 844,860	\$ 2,177,796	\$ 2,481,284
Economic Net Income	\$ 435,691	\$ 370,651	\$ 519,776	\$ 686,984	\$ 811,610	\$ 2,150,269	\$ 2,389,021
Fee Related Earnings	\$ 310,879	\$ 219,456	\$ 226,136	\$ 229,035	\$ 328,026	\$ 935,611	\$ 1,002,653
Distributable Earnings	\$ 878,027	\$ 387,967	\$ 503,459	\$ 593,028	\$ 691,833	\$ 3,843,688	\$ 2,176,287
Total Assets Under Management	\$ 336,384,575	\$ 343,705,462	\$ 356,281,669	\$ 361,040,173	\$ 366,553,465	\$ 336,384,575	\$ 366,553,465
Fee-Earning Assets Under Management	\$ 246,146,372	\$ 244,452,764	\$ 266,006,713	\$ 267,757,727	\$ 277,092,672	\$ 246,146,372	\$ 277,092,672
Weighted Average Fee-Earning AUM	\$ 242,942,380	\$ 244,891,488	\$ 259,476,010	\$ 268,503,412	\$ 274,475,842	\$ 240,378,333	\$ 264,986,623
LP Capital Invested	\$ 14,779,702	\$ 6,515,571	\$ 3,795,171	\$ 4,127,005	\$ 7,770,798	\$ 30,505,046	\$ 22,208,545
Total Capital Invested	\$ 15,747,511	\$ 6,693,375	\$ 4,049,774	\$ 4,301,164	\$ 8,017,721	\$ 32,355,310	\$ 23,062,034

Private Equity

(Dollars in Thousands)	4Q'15	1Q'16	2Q'16	3Q'16	4Q'16	FY'15	FY'16
Revenues							
Management Fees, Net							
Base Management Fees	\$ 143,887	\$ 130,648	\$ 131,477	\$ 131,708	\$ 160,301	\$ 502,640	\$ 554,134
Advisory Fees	742	481	1,277	1,106	343	10,561	3,207
Transaction and Other Fees, Net	18,382	8,439	9,812	11,786	8,629	36,258	38,666
Management Fee Offsets	(10,521)	(6,848)	(4,195)	(12,917)	(10,850)	(36,760)	(34,810)
Total Management and Advisory Fees, Net	152,490	132,720	138,371	131,683	158,423	512,699	561,197
Performance Fees							
Realized Carried Interest	330,902	30,282	57,056	26,398	131,532	1,474,987	245,268
Unrealized Carried Interest	(169,841)	73,875	85,047	144,597	121,262	(717,955)	424,781
Total Performance Fees	161,061	104,157	142,103	170,995	252,794	757,032	670,049
Investment Income (Loss)							
Realized	47,658	(15,357)	22,926	15,469	50,339	189,649	73,377
Unrealized	(14,835)	15,440	(2,766)	8,884	(26,401)	(116,338)	(4,843)
Total Investment Income	32,823	83	20,160	24,353	23,938	73,311	68,534
Interest Income and Dividend Revenue	9,812	9,849	9,516	9,160	11,746	33,218	40,271
Other	4,693	(1,587)	3,395	411	18,239	5,854	20,458
Total Revenues	360,879	245,222	313,545	336,602	465,140	1,382,114	1,360,509
Expenses							
Compensation	70,651	80,274	83,140	73,889	73,154	280,248	310,457
Performance Fee Compensation							
Realized Carried Interest	94,635	15,427	30,946	13,741	50,768	256,922	110,882
Unrealized Carried Interest	(21,270)	9,296	19,450	69,300	65,891	(10,172)	163,937
Total Compensation and Benefits	144,016	104,997	133,536	156,930	189,813	526,998	585,276
Other Operating Expenses	53,900	48,063	48,371	47,534	52,465	199,158	196,433
Total Expenses	197,916	153,060	181,907	204,464	242,278	726,156	781,709
Economic Income	\$ 162,963	\$ 92,162	\$ 131,638	\$ 132,138	\$ 222,862	\$ 655,958	\$ 578,800
Total Assets Under Management	\$ 94,280,074	\$ 95,466,227	\$ 99,685,655	\$ 99,722,322	\$ 100,192,950	\$ 94,280,074	\$ 100,192,950
Fee-Earning Assets Under Management	\$ 51,451,196	\$ 50,228,312	\$ 69,467,174	\$ 69,347,910	\$ 69,113,409	\$ 51,451,196	\$ 69,113,409
Weighted Average Fee-Earning AUM	\$ 51,185,170	\$ 51,240,819	\$ 63,083,579	\$ 69,546,251	\$ 69,616,781	\$ 51,008,387	\$ 66,124,199
LP Capital Invested	\$ 4,508,023	\$ 1,865,698	\$ 1,538,436	\$ 1,683,747	\$ 2,355,726	\$ 10,219,178	\$ 7,443,607
Total Capital Invested	\$ 5,270,078	\$ 1,974,391	\$ 1,637,601	\$ 1,804,304	\$ 2,495,215	\$ 11,415,471	\$ 7,911,511

Real Estate

(Dollars in Thousands)	4Q'15	1Q'16	2Q'16	3Q'16	4Q'16	FY'15	FY'16
Revenues							
Management Fees, Net							
Base Management Fees	\$ 199,774	\$ 199,907	\$ 201,004	\$ 197,629	\$ 196,621	\$ 668,575	\$ 795,161
Transaction and Other Fees, Net	52,461	35,794	21,112	14,190	24,228	110,577	95,324
Management Fee Offsets	(6,399)	(3,595)	(1,219)	(842)	(1,666)	(26,840)	(7,322)
Total Management Fees, Net	245,836	232,106	220,897	210,977	219,183	752,312	883,163
Performance Fees							
Realized Carried Interest	290,450	200,627	266,382	461,980	274,495	1,634,733	1,203,484
Realized Incentive Fees	11,331	4,069	6,099	3,857	15,600	17,153	29,625
Unrealized Carried Interest	(182,061)	(11,522)	(84,875)	(113,449)	58,849	(680,542)	(150,997)
Unrealized Incentive Fees	8,014	9,765	5,942	14,445	9,375	20,802	39,527
Total Performance Fees	127,734	202,939	193,548	366,833	358,319	992,146	1,121,639
Investment Income (Loss)							
Realized	38,985	12,975	19,929	46,704	43,104	235,582	122,712
Unrealized	(66,326)	(2,137)	(8,902)	(6,725)	16,645	(231,889)	(1,119)
Total Investment Income (Loss)	(27,341)	10,838	11,027	39,979	59,749	3,693	121,593
Interest Income and Dividend Revenue	12,677	13,188	13,084	12,460	15,508	43,990	54,240
Other	2,416	(1,909)	2,231	(548)	16,749	(1,422)	16,523
Total Revenues	361,322	457,162	440,787	629,701	669,508	1,790,719	2,197,158
Expenses							
Compensation	94,808	100,578	102,888	99,886	82,000	358,381	385,352
Performance Fee Compensation							
Realized Carried Interest	68,827	43,076	56,441	147,419	85,686	484,037	332,622
Realized Incentive Fees	5,813	2,133	3,300	1,764	4,888	8,678	12,085
Unrealized Carried Interest	(24,686)	27,703	14,257	(38,972)	41,787	(196,347)	44,775
Unrealized Incentive Fees	797	4,158	2,542	6,229	3,943	8,817	16,872
Total Compensation and Benefits	145,559	177,648	179,428	216,326	218,304	663,566	791,706
Other Operating Expenses	53,636	48,097	52,201	47,908	55,756	179,175	203,962
Total Expenses	199,195	225,745	231,629	264,234	274,060	842,741	995,668
Economic Income	\$ 162,127	\$ 231,417	\$ 209,158	\$ 365,467	\$ 395,448	\$ 947,978	\$ 1,201,490
Total Assets Under Management	\$ 93,917,824	\$ 101,107,528	\$ 103,197,060	\$ 101,876,562	\$ 101,963,652	\$ 93,917,824	\$ 101,963,652
Fee-Earning Assets Under Management	\$ 67,345,357	\$ 67,298,439	\$ 66,744,550	\$ 65,785,083	\$ 72,030,054	\$ 67,345,357	\$ 72,030,054
Weighted Average Fee-Earning AUM	\$ 65,356,567	\$ 66,943,268	\$ 67,215,301	\$ 66,708,328	\$ 68,688,082	\$ 63,722,064	\$ 67,503,830
LP Capital Invested	\$ 7,733,638	\$ 3,747,181	\$ 1,524,415	\$ 1,719,764	\$ 3,978,386	\$ 16,259,362	\$ 10,969,746
Total Capital Invested	\$ 7,835,881	\$ 3,820,460	\$ 1,557,192	\$ 1,749,778	\$ 4,048,827	\$ 16,603,472	\$ 11,176,257

Hedge Fund Solutions

(Dollars in Thousands)	4Q'15	1Q'16	2Q'16	3Q'16	4Q'16	FY'15	FY'16
Revenues							
Management Fees, Net							
Base Management Fees	\$ 129,941	\$ 130,158	\$ 130,123	\$ 130,305	\$ 131,150	\$ 524,386	\$ 521,736
Transaction and Other Fees, Net	73	543	(5)	116	407	317	1,061
Management Fee Offsets	1,566	-	-	-	-	171	-
Total Management Fees, Net	131,580	130,701	130,118	130,421	131,557	524,874	522,797
Performance Fees							
Realized Incentive Fees	37,983	2,684	(251)	4,572	35,172	68,197	42,177
Unrealized Carried Interest	(599)	32	801	(84)	(245)	2,021	504
Unrealized Incentive Fees	(41,655)	(2,935)	1,036	12,038	(9,354)	(8,084)	785
Total Performance Fees	(4,271)	(219)	1,586	16,526	25,573	62,134	43,466
Investment Income (Loss)							
Realized	(141)	(4,745)	(515)	(1,211)	(753)	(12,741)	(7,224)
Unrealized	(1,539)	(12,291)	9,357	12,219	6,177	(1,435)	15,462
Total Investment Income (Loss)	(1,680)	(17,036)	8,842	11,008	5,424	(14,176)	8,238
Interest Income and Dividend Revenue	5,219	5,296	5,205	4,692	7,890	17,274	23,083
Other	1,414	(1,388)	1,125	(260)	8,680	200	8,157
Total Revenues	132,262	117,354	146,876	162,387	179,124	590,306	605,741
Expenses							
Compensation	33,131	54,169	44,436	47,206	39,509	179,484	185,320
Performance Fee Compensation							
Realized Incentive Fees	15,410	1,863	1,325	2,902	13,307	27,155	19,397
Unrealized Carried Interest	(213)	-	238	35	(92)	823	181
Unrealized Incentive Fees	(15,316)	(1,195)	480	4,557	(3,550)	(2,912)	292
Total Compensation and Benefits	33,012	54,837	46,479	54,700	49,174	204,550	205,190
Other Operating Expenses	24,220	26,146	27,218	27,432	27,840	90,072	108,636
Total Expenses	57,232	80,983	73,697	82,132	77,014	294,622	313,826
Economic Income	\$ 75,030	\$ 36,371	\$ 73,179	\$ 80,255	\$ 102,110	\$ 295,684	\$ 291,915
Total Assets Under Management	\$ 69,105,425	\$ 68,475,416	\$ 68,649,878	\$ 70,113,508	\$ 71,119,718	\$ 69,105,425	\$ 71,119,718
Fee-Earning Assets Under Management	\$ 65,665,439	\$ 64,831,253	\$ 64,973,999	\$ 66,434,971	\$ 66,987,553	\$ 65,665,439	\$ 66,987,553
Weighted Average Fee-Earning AUM	\$ 65,802,335	\$ 65,123,126	\$ 65,520,626	\$ 66,600,260	\$ 67,993,100	\$ 65,203,649	\$ 66,585,721
LP Capital Invested	\$ 41,332	\$ 315,757	\$ 32,804	\$ 135,105	\$ 56,677	\$ 243,241	\$ 540,343
Total Capital Invested	\$ 39,877	\$ 329,793	\$ 32,809	\$ 141,699	\$ 56,766	\$ 252,368	\$ 561,067

Credit

(Dollars in Thousands)	4Q'15	1Q'16	2Q'16	3Q'16	4Q'16	FY'15	FY'16
Revenues							
Management Fees, Net							
Base Management Fees	\$ 125,805	\$ 125,990	\$ 131,392	\$ 133,867	\$ 135,499	\$ 500,982	\$ 526,748
Transaction and Other Fees, Net	1,565	1,342	1,424	1,823	2,011	6,371	6,600
Management Fee Offsets	(7,585)	(9,658)	(9,982)	(7,091)	(10,781)	(30,065)	(37,512)
Total Management Fees, Net	119,785	117,674	122,834	128,599	126,729	477,288	495,836
Performance Fees							
Realized Carried Interest	4,258	-	296	15,644	10,223	96,156	26,163
Realized Incentive Fees	33,158	21,697	23,515	21,866	33,221	109,396	100,299
Unrealized Carried Interest	(118,721)	(14,779)	87,295	75,093	59,344	(198,820)	206,953
Unrealized Incentive Fees	(9,193)	270	1,029	5,689	2,429	(19,967)	9,417
Total Performance Fees	(90,498)	7,188	112,135	118,292	105,217	(13,235)	342,832
Investment Income (Loss)							
Realized	491	(2,974)	11,330	(328)	2,976	7,186	11,004
Unrealized	(15,728)	(17,561)	8,412	12,875	7,195	(16,258)	10,921
Total Investment Income (Loss)	(15,237)	(20,535)	19,742	12,547	10,171	(9,072)	21,925
Interest Income and Dividend Revenue	6,957	6,748	7,428	6,769	7,344	24,599	28,289
Other	1,717	(1,364)	1,795	(28)	9,171	5,171	9,574
Total Revenues	22,724	109,711	263,934	266,179	258,632	484,751	898,456
Expenses							
Compensation	41,864	52,382	55,691	47,614	46,400	190,189	202,087
Performance Fee Compensation							
Realized Carried Interest	2,259	-	194	7,267	4,989	52,841	12,450
Realized Incentive Fees	15,598	10,127	10,626	10,770	15,091	50,113	46,614
Unrealized Carried Interest	(61,651)	(6,998)	41,257	39,681	30,005	(107,000)	103,945
Unrealized Incentive Fees	(4,421)	485	(333)	2,722	1,096	(8,395)	3,970
Total Compensation and Benefits	(6,351)	55,996	107,435	108,054	97,581	177,748	369,066
Other Operating Expenses	23,353	26,220	29,464	28,016	36,611	93,626	120,311
Total Expenses	17,002	82,216	136,899	136,070	134,192	271,374	489,377
Economic Income	\$ 5,722	\$ 27,495	\$ 127,035	\$ 130,109	\$ 124,440	\$ 213,377	\$ 409,079
Total Assets Under Management	\$ 79,081,252	\$ 78,656,291	\$ 84,749,076	\$ 89,327,781	\$ 93,277,145	\$ 79,081,252	\$ 93,277,145
Fee-Earning Assets Under Management	\$ 61,684,380	\$ 62,094,760	\$ 64,820,990	\$ 66,189,763	\$ 68,961,656	\$ 61,684,380	\$ 68,961,656
Weighted Average Fee-Earning AUM	\$ 60,598,308	\$ 61,584,275	\$ 63,656,504	\$ 65,648,573	\$ 68,177,879	\$ 60,444,233	\$ 64,772,873
LP Capital Invested	\$ 2,496,709	\$ 586,935	\$ 699,516	\$ 588,389	\$ 1,380,009	\$ 3,783,265	\$ 3,254,849
Total Capital Invested	\$ 2,601,675	\$ 568,731	\$ 822,172	\$ 605,383	\$ 1,416,913	\$ 4,083,999	\$ 3,413,199

Financial Advisory

(Dollars in Thousands)	4Q'15	1Q'16	2Q'16	3Q'16	4Q'16	FY'15	FY'16
Revenues							
Advisory Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 297,570	\$ -
Transaction and Other Fees, Net	-	-	-	-	-	162	-
Total Advisory and Transaction Fees	-	-	-	-	-	297,732	-
Investment (Loss)							
Realized	-	-	-	-	-	(868)	-
Unrealized	-	-	-	-	-	(39)	-
Total Investment (Loss)	-	-	-	-	-	(907)	-
Interest Income and Dividend Revenue	-	-	-	-	-	12,520	-
Other	-	-	-	-	-	(1,303)	-
Total Revenues	-	-	-	-	-	308,042	-
Expenses							
Compensation	-	-	-	-	-	180,917	-
Total Compensation and Benefits	-	-	-	-	-	180,917	-
Other Operating Expenses	-	-	-	-	-	62,326	-
Total Expenses	-	-	-	-	-	243,243	-
Economic Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,799	\$ -

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 \$0.55 of Distributable Earnings per common unit during the quarter, up 15% from the prior quarter, bringing the full year amount to \$1.78 per common unit.
- ▶ Declared a quarterly distribution of \$0.47 per common unit to record holders as of February 6, 2017; payable on February 13, 2017.

(Dollars in Thousands, Except per Unit Data)	4Q'15	1Q'16	2Q'16	3Q'16	4Q'16	% Change		FY'16	% Change	
						vs. 4Q'15	FY'15		vs. FY'15	
Distributable Earnings	\$ 878,027	\$ 387,967	\$ 503,459	\$ 593,028	\$ 691,833	(21)%	\$ 3,843,688	\$ 2,176,287	(43)%	
Add: Other Payables Attributable to Common Unitholders	26,918	-	10,438	30,576	41,304	53%	34,206	82,318	141%	
DE before Certain Payables	904,945	387,967	513,897	623,604	733,137	(19)%	3,877,894	2,258,605	(42)%	
Percent to Common Unitholders	54%	54%	54%	54%	55%		54%	55%		
DE before Certain Payables Attributable to Common Unitholders	487,075	210,286	279,357	339,837	402,677	(17)%	2,075,705	1,232,157	(41)%	
Less: Other Payables Attributable to Common Unitholders	(26,918)	-	(10,438)	(30,576)	(41,304)	53%	(34,206)	(82,318)	141%	
DE Attributable to Common Unitholders	460,157	210,286	268,919	309,261	361,373	(21)%	2,041,499	1,149,839	(44)%	
DE per Common Unit	\$ 0.72	\$ 0.33	\$ 0.42	\$ 0.48	\$ 0.55	(24)%	\$ 3.23	\$ 1.78	(45)%	
Less: Retained Capital per Common Unit	\$ (0.11)	\$ (0.05)	\$ (0.06)	\$ (0.07)	\$ (0.08)	(27)%	\$ (0.50)	\$ (0.26)	(48)%	
Actual Distribution per Common Unit	\$ 0.61	\$ 0.28	\$ 0.36	\$ 0.41	\$ 0.47	(23)%	\$ 2.73	\$ 1.52	(44)%	
Record Date					Feb 6, 2017					
Payable Date					Feb 13, 2017					

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 \$52 million for 4Q'16 and \$169 million for FY'16.

Total Assets Under Management

4Q'16 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'16	\$ 99,722	\$ 101,877	\$ 70,114	\$ 89,328	\$ 361,040
Inflows	3,160	2,315	3,152	8,051	16,677
Outflows	(427)	(64)	(3,186)	(2,499)	(6,175)
Realizations	(3,820)	(3,644)	(234)	(2,306)	(10,005)
Net Inflows (Outflows)	(1,087)	(1,394)	(268)	3,246	497
Market Activity	1,557	1,481	1,275	703	5,016
4Q'16	\$ 100,193	\$ 101,964	\$ 71,120	\$ 93,277	\$ 366,553
QoQ Increase	0%	0%	1%	4%	2%

FY'16 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
4Q'15	\$ 94,280	\$ 93,918	\$ 69,105	\$ 79,081	\$ 336,385
Inflows	16,868	19,047	10,783	22,963	69,661
Outflows	(1,545)	(501)	(9,872)	(6,514)	(18,432)
Realizations	(14,222)	(17,926)	(437)	(6,674)	(39,259)
Net Inflows	1,101	621	474	9,775	11,970
Market Activity	4,812	7,425	1,540	4,421	18,199
4Q'16	\$ 100,193	\$ 101,964	\$ 71,120	\$ 93,277	\$ 366,553
YoY Increase	6%	9%	3%	18%	9%

4Q'16 Highlights

Private Equity

- ▶ **Inflows:** Tactical Opportunities (\$1.6 billion); Core Private Equity (\$447 million); BCP co-investment (\$380 million); Strategic Partners (\$366 million); Total Alternatives Solution (\$304 million).
- ▶ **Realizations:** Corporate Private Equity funds (\$2.5 billion); Strategic Partners (\$669 million); Tactical Opportunities (\$455 million).
- ▶ **Market Activity:** Corporate Private Equity funds (\$1.2 billion); Tactical Opportunities (\$176 million).

Real Estate

- ▶ **Inflows:** U.S. core+ funds (\$904 million); BREDS (\$610 million); fifth European opportunistic fund (\$379 million); recycled capital from BREP opportunistic funds (\$265 million) and BREDS (\$144 million).
- ▶ **Realizations:** BREP opportunistic funds (\$2.7 billion); BREDS (\$613 million); BREP co-investment (\$247 million).
- ▶ **Market Activity:** Carrying value increases of 4.6% and 2.0% within the opportunistic and core+ funds, respectively.

Hedge Fund Solutions

- ▶ **Inflows:** Customized solutions (\$1.3 billion); commingled products (\$1.0 billion); individual investor and specialized solutions (\$857 million).
- ▶ **Outflows:** Commingled products (\$1.4 billion); individual investor and specialized solutions (\$934 million); customized solutions (\$869 million).
- ▶ **Market Activity:** BAAM's Principal Solutions Composite up 2.3% gross (2.1% net) during the quarter.

Credit

- ▶ **Inflows:** New mezzanine co-invest fund (\$2.9 billion); five new CLOs (\$2.6 billion); Long Only (\$1.4 billion); BDCs (\$549 million).
- ▶ **Outflows:** Long Only (\$694 million); Hedge fund strategies (\$303 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

4Q'16 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'16	\$ 69,348	\$ 65,785	\$ 66,435	\$ 66,190	\$ 267,758
Inflows	2,137	10,718	2,797	5,852	21,503
Outflows	(278)	(2,029)	(3,111)	(1,508)	(6,926)
Realizations	(2,165)	(2,128)	(223)	(1,945)	(6,462)
Net Inflows (Outflows)	(307)	6,561	(536)	2,398	8,116
Market Activity	72	(316)	1,089	374	1,219
4Q'16	\$ 69,113	\$ 72,030	\$ 66,988	\$ 68,962	\$ 277,093
QoQ Increase (Decrease)	(0)%	9%	1%	4%	3%

FY'16 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
4Q'15	\$ 51,451	\$ 67,345	\$ 65,665	\$ 61,684	\$ 246,146
Inflows	28,918	14,230	10,132	15,045	68,326
Outflows	(3,154)	(2,180)	(9,744)	(4,757)	(19,835)
Realizations	(8,193)	(8,019)	(417)	(5,818)	(22,447)
Net Inflows (Outflows)	17,570	4,031	(28)	4,470	26,043
Market Activity	92	654	1,350	2,807	4,903
4Q'16	\$ 69,113	\$ 72,030	\$ 66,988	\$ 68,962	\$ 277,093
YoY Increase	34%	7%	2%	12%	13%

4Q'16 Highlights

Private Equity

- ▶ **Inflows:** Tactical Opportunities (\$1.2 billion); Strategic Partners (\$424 million); Total Alternatives Solution (\$290 million); Corporate Private Equity funds (\$197 million).
- ▶ **Realizations:** Corporate Private Equity funds (\$1.1 billion); Strategic Partners (\$748 million); Tactical Opportunities (\$249 million).

Real Estate

- ▶ **Inflows:** Fifth European opportunistic fund (\$7.2 billion); BPP (\$1.9 billion); BREDS (\$1.4 billion).
- ▶ **Outflows:** Investment period ended for BREP Europe IV (\$2.0 billion).
- ▶ **Realizations:** BREDS (\$1.0 billion); BREP opportunistic funds (\$957 million).

Hedge Fund Solutions

- ▶ **Inflows:** Customized solutions (\$1.2 billion); commingled products (\$1.0 billion); individual investor and specialized solutions (\$603 million).
- ▶ **Outflows:** Commingled products (\$1.3 billion); individual investor and specialized solutions (\$934 million); customized solutions (\$869 million).

Credit

- ▶ **Inflows:** Five new CLOs (\$2.6 billion); Long Only (\$1.3 billion); Rescue lending (\$689 million); BDCs (\$549 million); Mezzanine strategies (\$508 million).
- ▶ **Outflows:** Long Only (\$694 million); Hedge fund strategies (\$324 million).
- ▶ **Realizations:** Capital returned to investors for CLOs outside investment periods (\$967 million); Rescue lending (\$408 million); dividends from BDCs (\$242 million); Mezzanine strategies (\$204 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

Net Accrued Performance Fees

(Dollars in Millions, Except per Unit Data)

	3Q'16	4Q'16	4Q'16 Per Unit	QoQ Change
Private Equity				
BCP IV Carried Interest	\$ 158	\$ 186	\$ 0.16	\$ 28
BCP V Carried Interest	306	323	0.27	17
BCP VI Carried Interest	484	548	0.46	64
BEP I Carried Interest	70	71	0.06	1
BEP II Carried Interest	-	2	-	2
Tactical Opportunities Carried Interest	79	83	0.07	4
BTAS Carried Interest	10	17	0.01	7
Strategic Partners Carried Interest	35	34	0.03	(1)
Other Carried Interest	2	4	-	2
Total Private Equity	\$ 1,144	\$ 1,268	\$ 1.06	\$ 124
Real Estate				
BREP IV Carried Interest	8	8	0.01	-
BREP V Carried Interest	331	300	0.25	(31)
BREP VI Carried Interest	488	510	0.43	22
BREP VII Carried Interest	551	504	0.42	(47)
BREP VIII Carried Interest	132	143	0.12	11
BREP Europe III Carried Interest	152	140	0.12	(12)
BREP Europe IV Carried Interest	150	184	0.15	34
BREP Asia Carried Interest	102	79	0.07	(23)
BPP Carried Interest	52	57	0.05	5
BPP Incentive Fees	28	34	0.03	6
BREDS Carried Interest	14	16	0.01	2
BREDS Incentive Fees	2	4	-	2
Asia Platform Incentive Fees	7	7	0.01	-
Total Real Estate	\$ 2,017	\$ 1,986	\$ 1.67	\$ (31)
Hedge Fund Solutions				
Incentive Fees	15	24	0.02	9
Total Hedge Fund Solutions	\$ 15	\$ 24	\$ 0.02	\$ 9
Credit				
Carried Interest	139	168	0.14	29
Incentive Fees	20	24	0.02	4
Total Credit	\$ 159	\$ 192	\$ 0.16	\$ 33
Total Blackstone				
Carried Interest	3,263	3,377	2.83	114
Incentive Fees	72	93	0.08	21
Net Accrued Performance Fees	\$ 3,335	\$ 3,470	\$ 2.91	\$ 135
<i>Memo: Net Realized Performance Fees</i>	<i>\$ 85</i>	<i>\$ 119</i>	<i>\$ 0.10</i>	<i>\$ 35</i>

\$3.5 billion

Net Accrued Performance Fees at 4Q'16

\$2.91 per unit

Net Accrued Performance Fees at 4Q'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 December 31, 2016^(a)

(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
Private Equity											
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	22,632	1.8x	-	2,951,018	1.4x	2,973,650	1.4x	6%	6%
BCP IV (Nov 2002 / Dec 2005)	6,773,182	216,926	1,460,777	1.3x	46%	19,952,530	3.1x	21,413,307	2.8x	41%	36%
BCP V (Dec 2005 / Jan 2011)	21,017,433	1,253,663	5,957,077	1.7x	72%	31,821,687	1.9x	37,778,764	1.9x	9%	8%
BCP VI (Jan 2011 / May 2016)	15,189,353	1,776,532	15,854,868	1.4x	22%	3,942,475	1.8x	19,797,343	1.5x	32%	11%
BEP I (Aug 2011 / Feb 2015)	2,436,078	187,672	2,659,738	1.4x	29%	829,913	1.9x	3,489,651	1.5x	42%	13%
BEP II (Feb 2015 / Feb 2021)	4,951,351	4,089,146	641,600	1.4x	-	-	n/a	641,600	1.4x	n/a	36%
BCP VII (May 2016 / May 2022)	18,898,630	18,254,809	370,284	1.1x	-	-	n/a	370,284	1.1x	n/a	n/m
Total Corporate Private Equity	\$ 77,590,960	\$ 25,803,323	\$ 26,966,976	1.4x	34%	\$ 73,680,868	2.2x	\$ 100,647,844	1.9x	18%	15%
Tactical Opportunities	13,447,861	6,215,643	7,824,565	1.2x	6%	2,247,290	1.5x	10,071,855	1.2x	26%	11%
Tactical Opportunities Co-Investment and Other	2,873,160	1,056,397	1,752,248	1.1x	-	308,807	1.4x	2,061,055	1.1x	n/a	9%
Strategic Partners I-V and Co-Investment (e)	12,143,335	2,018,981	3,120,054	n/m	-	14,058,294	n/m	17,178,348	1.5x	n/a	13%
Strategic Partners VI LBO, RE and SMA (e)	7,402,171	2,505,871	3,532,679	n/m	-	1,009,080	n/m	4,541,759	1.3x	n/a	24%
Strategic Partners VII (e)	7,489,970	6,822,033	374,012	n/m	-	-	n/a	374,012	1.0x	n/a	n/m
BCEP (f)	3,871,770	3,871,770	-	n/a	-	-	n/a	-	n/a	n/a	n/a
Other Funds and Co-Investment (g)	1,799,293	760,624	45,093	0.9x	77%	618,429	1.0x	663,522	1.0x	n/m	n/m
Real Estate											
Dollar											
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	-	374,698	0.5x	28%	4,160,509	2.2x	4,535,207	1.7x	31%	12%
BREP V (Dec 2005 / Feb 2007)	5,539,418	-	2,771,759	2.2x	24%	10,308,751	2.3x	13,080,510	2.3x	12%	11%
BREP VI (Feb 2007 / Aug 2011)	11,060,444	554,233	6,109,036	2.4x	68%	20,486,220	2.4x	26,595,256	2.4x	14%	13%
BREP VII (Aug 2011 / Apr 2015)	13,493,022	2,291,266	14,296,739	1.6x	-	10,966,655	1.9x	25,263,394	1.7x	29%	19%
BREP VIII (Apr 2015 / Oct 2020)	16,152,228	10,654,202	7,015,649	1.3x	1%	1,753,982	1.2x	8,769,631	1.3x	17%	19%
Total Global BREP	\$ 51,686,275	\$ 13,499,701	\$ 30,567,881	1.6x	16%	\$ 55,211,035	2.2x	\$ 85,778,916	1.9x	20%	16%
Euro											
BREP Int'I (Jan 2001 / Sep 2005)	€ 824,172	€ -	€ -	n/a	-	€ 1,369,016	2.1x	€ 1,369,016	2.1x	23%	23%
BREP Int'I II (Sep 2005 / Jun 2008)	1,629,748	-	577,893	1.3x	70%	1,772,031	1.9x	2,349,924	1.7x	8%	6%
BREP Europe III (Jun 2008 / Sep 2013)	3,205,140	476,226	2,847,028	1.8x	-	2,920,752	2.2x	5,767,780	2.0x	23%	16%
BREP Europe IV (Sep 2013 / Dec 2016)	6,726,403	1,677,028	7,449,000	1.4x	3%	893,829	1.5x	8,342,829	1.4x	24%	14%
BREP Europe V (Dec 2016 / Jun 2022)	6,588,051	6,688,769	133,800	1.0x	-	-	n/a	133,800	1.0x	n/a	n/a
Total Euro BREP	€ 18,973,514	€ 8,842,023	€ 11,007,721	1.4x	6%	€ 6,955,628	2.0x	€ 17,963,349	1.6x	16%	13%
BREP Co-Investment (h)	\$ 6,819,065	\$ 146,573	\$ 3,997,959	1.8x	40%	\$ 9,162,086	2.1x	\$ 13,160,045	2.0x	17%	16%
BREP Asia (Jun 2013 / Dec 2017)	5,084,905	3,054,509	2,931,392	1.4x	1%	1,373,173	1.6x	4,304,565	1.5x	17%	17%
Total BREP	\$ 86,954,232	\$ 25,999,938	\$ 51,144,228	1.5x	15%	\$ 74,961,402	2.1x	\$ 126,105,630	1.8x	19%	16%
BPP (i)	\$ 13,027,535	\$ 2,394,321	\$ 12,533,099	1.2x	-	\$ 107,286	1.9x	\$ 12,640,385	1.2x	36%	13%
BREDS (j)	\$ 11,576,788	\$ 6,996,094	\$ 2,352,803	1.2x	-	\$ 6,632,401	1.3x	\$ 8,985,204	1.3x	13%	11%

Continued...

Investment Records as of December 31, 2016^(a) – 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
Hedge Fund Solutions											
BSCH (Dec 2013 / Jun 2020) (k)	\$ 3,300,600	\$ 2,630,702	\$ 677,437	1.0x	-	\$ 88,515	n/a	\$ 765,952	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	0%
Total Hedge Fund Solutions	\$ 3,376,100	\$ 2,661,939	\$ 721,932	1.0x	-	\$ 89,942	n/a	\$ 811,874	1.2x	n/a	2%
Credit (l)											
Mezzanine I (Jul 2007 / Oct 2011)	\$ 2,000,000	\$ 99,280	\$ 194,993	1.4x	-	\$ 4,635,213	1.6x	\$ 4,830,206	1.6x	n/a	17%
Mezzanine II (Nov 2011 / Nov 2016)	4,120,000	990,002	3,354,761	1.1x	-	2,177,780	1.5x	5,532,541	1.2x	n/a	13%
Mezzanine III (Sep 2016 / Sep 2021)	6,639,133	6,331,744	316,601	1.0x	-	-	n/a	316,601	1.0x	n/a	n/m
Rescue Lending I (Sep 2009 / May 2013)	3,253,143	400,900	1,096,764	1.1x	-	4,826,251	1.5x	5,923,015	1.4x	n/a	11%
Rescue Lending II (Jun 2013 / Jun 2018)	5,125,000	2,072,032	3,703,422	1.2x	-	551,534	1.2x	4,254,956	1.2x	n/a	18%
Energy Select Opportunities (Nov 2015 / Nov 2018)	2,856,866	2,541,537	438,805	1.2x	-	158,347	1.6x	597,152	1.3x	n/a	36%
Euro											
European Senior Debt Fund (Feb 2015 / Feb 2018)	€ 1,964,689	€ 2,960,224	€ 855,997	1.0x	-	€ 142,288	1.2x	€ 998,285	1.0x	n/a	0%
Total Credit	\$ 26,260,552	\$ 15,567,412	\$ 10,011,237	1.1x	-	\$ 12,506,594	1.5x	\$ 22,517,831	1.3x	n/a	14%

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 December 31, 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 seven credit drawdown funds presented.

Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	4Q'15	1Q'16 ^(m)	2Q'16	3Q'16	4Q'16	FY'15	FY'16
Net Income Attributable to The Blackstone Group L.P.	\$ 200,870	\$ 159,753	\$ 198,626	\$ 312,905	\$ 367,951	\$ 709,789	\$ 1,039,235
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	150,734	131,202	201,805	285,267	342,010	683,516	960,284
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	40,717	40,086	64,729	82,653	58,684	219,900	246,152
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	2,358	(6,401)	(2,049)	10,764	1,663	11,145	3,977
Net Income	\$ 394,679	\$ 324,640	\$ 463,111	\$ 691,589	\$ 770,308	\$ 1,624,350	\$ 2,249,648
Provision for Taxes	46,230	9,146	47,415	27,714	48,087	190,398	132,362
Income Before Provision for Taxes	\$ 440,909	\$ 333,786	\$ 510,526	\$ 719,303	\$ 818,395	\$ 1,814,748	\$ 2,382,010
Transaction-Related Charges ^(a)	(15,279)	64,136	69,956	60,029	70,816	489,563	264,937
Amortization of Intangibles ^(b)	23,287	23,208	23,208	22,054	15,996	104,530	84,466
(Income) Associated with Non-Controlling Interests of Consolidated Entities ^(c)	(43,075)	(33,685)	(62,680)	(93,417)	(60,347)	(231,045)	(250,129)
Economic Income	\$ 405,842	\$ 387,445	\$ 541,010	\$ 707,969	\$ 844,860	\$ 2,177,796	\$ 2,481,284
Taxes ^(d)	29,849	(16,794)	(21,234)	(20,985)	(33,250)	(27,527)	(92,263)
Economic Net Income	\$ 435,691	\$ 370,651	\$ 519,776	\$ 686,984	\$ 811,610	\$ 2,150,269	\$ 2,389,021
Taxes ^(d)	(29,849)	16,794	21,234	20,985	33,250	27,527	92,263
Performance Fee Adjustment ^(e)	(194,026)	(314,065)	(449,372)	(672,646)	(741,903)	(1,798,077)	(2,177,986)
Investment (Income) Loss Adjustment ^(f)	11,435	26,650	(59,771)	(87,887)	(99,282)	(52,849)	(220,290)
Net Interest Loss ^(g)	11,846	13,351	13,546	14,184	10,542	44,181	51,623
Performance Fee Compensation and Benefits Adjustment ^(h)	75,782	106,075	180,723	267,415	313,809	564,560	868,022
Fee Related Earnings	\$ 310,879	\$ 219,456	\$ 226,136	\$ 229,035	\$ 328,026	\$ 935,611	\$ 1,002,653
Net Realized Performance Fees ⁽ⁱ⁾	505,540	186,733	250,265	350,454	325,514	2,520,876	1,112,966
Realized Investment Income (Loss) ^(j)	86,993	(10,101)	53,670	60,634	95,666	418,808	199,869
Net Interest (Loss) ^(g)	(11,846)	(13,351)	(13,546)	(14,184)	(10,542)	(44,181)	(51,623)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(k)	(25,819)	(16,794)	(31,588)	(51,089)	(67,678)	(90,470)	(167,149)
Equity-Based Compensation ^(l)	12,280	22,024	18,522	18,178	20,847	103,044	79,571
Distributable Earnings	\$ 878,027	\$ 387,967	\$ 503,459	\$ 593,028	\$ 691,833	\$ 3,843,688	\$ 2,176,287
Interest Expense	46,511	48,432	48,779	47,265	53,030	175,782	197,506
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(k)	25,819	16,794	31,588	51,089	67,678	90,470	167,149
Depreciation and Amortization	6,852	6,292	6,331	7,338	12,010	27,213	31,971
Adjusted EBITDA	\$ 957,209	\$ 459,485	\$ 590,157	\$ 698,720	\$ 824,551	\$ 4,137,153	\$ 2,572,913

Reconciliation of GAAP to Non-GAAP Measures – Notes

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)	4Q'15	1Q'16	2Q'16	3Q'16	4Q'16	FY'15	FY'16
Fee Revenues							
GAAP							
Management and Advisory Fees, Net	\$ 648,009	\$ 608,906	\$ 607,823	\$ 596,154	\$ 630,092	\$ 2,542,505	\$ 2,442,975
Other	10,260	(5,612)	7,935	(423)	52,853	7,782	54,753
GAAP	\$ 658,269	\$ 603,294	\$ 615,758	\$ 595,731	\$ 682,945	\$ 2,550,287	\$ 2,497,728
Elimination Adjustment ^(a)	1,662	3,659	5,008	5,524	5,786	23,118	19,977
Segment							
Management and Advisory Fees, Net	649,691	613,201	612,220	601,680	635,892	2,564,905	2,462,993
Other	10,240	(6,248)	8,546	(425)	52,839	8,500	54,712
Total Segment	\$ 659,931	\$ 606,953	\$ 620,766	\$ 601,255	\$ 688,731	\$ 2,573,405	\$ 2,517,705
Performance Fees							
GAAP	193,361	314,493	449,243	671,032	741,563	1,796,666	2,176,331
Elimination Adjustment ^(a)	665	(428)	129	1,614	340	1,411	1,655
Total Segment	\$ 194,026	\$ 314,065	\$ 449,372	\$ 672,646	\$ 741,903	\$ 1,798,077	\$ 2,177,986
Investment Income (Loss)							
GAAP	20,961	(8,508)	105,139	143,103	116,317	204,642	356,051
Consolidation and Elimination Adjustment ^(b)	(32,396)	(18,142)	(45,368)	(55,216)	(17,035)	(151,793)	(135,761)
Total Segment	\$ (11,435)	\$ (26,650)	\$ 59,771	\$ 87,887	\$ 99,282	\$ 52,849	\$ 220,290
Interest and Dividend Revenue							
GAAP	24,828	23,075	22,286	21,819	28,544	94,957	95,724
Elimination Adjustment ^(c)	9,837	12,006	12,947	11,262	13,944	36,644	50,159
Total Segment	\$ 34,665	\$ 35,081	\$ 35,233	\$ 33,081	\$ 42,488	\$ 131,601	\$ 145,883
Total Revenues							
GAAP	897,419	932,354	1,192,426	1,431,685	1,569,369	4,646,552	5,125,834
Consolidation and Elimination Adjustment ^(d)	(20,232)	(2,905)	(27,284)	(36,816)	3,035	(90,620)	(63,970)
Total Segment	\$ 877,187	\$ 929,449	\$ 1,165,142	\$ 1,394,869	\$ 1,572,404	\$ 4,555,932	\$ 5,061,864
Compensation							
GAAP	299,958	346,003	355,424	329,634	304,347	1,726,191	1,335,408
Consolidation Adjustment ^(e)	(59,504)	(58,600)	(69,269)	(61,039)	(63,284)	(536,972)	(252,192)
Total Segment	\$ 240,454	\$ 287,403	\$ 286,155	\$ 268,595	\$ 241,063	\$ 1,189,219	\$ 1,083,216

Continued...

Reconciliation of GAAP to Total Segment Measures – Continued

(Dollars in Thousands)	4Q'15	1Q'16	2Q'16	3Q'16	4Q'16	FY'15	FY'16
Other Operating Expenses							
GAAP							
General, Administrative and Other	\$ 139,607	\$ 123,045	\$ 130,988	\$ 124,322	\$ 141,954	\$ 576,103	\$ 520,309
Interest Expense	38,878	37,356	36,878	37,278	41,142	144,522	152,654
GAAP	\$ 178,485	\$ 160,401	\$ 167,866	\$ 161,600	\$ 183,096	\$ 720,625	\$ 672,963
Consolidation and Elimination Adjustment ^(f)	(23,376)	(11,875)	(10,612)	(10,710)	(10,424)	(96,268)	(43,621)
Total Segment	\$ 155,109	\$ 148,526	\$ 157,254	\$ 150,890	\$ 172,672	\$ 624,357	\$ 629,342
Total Expenses							
GAAP	556,878	617,710	712,603	773,777	824,484	3,090,875	2,928,574
Less: GAAP Fund Expenses ^(g)	(2,654)	(5,229)	(8,592)	(15,128)	(23,232)	(79,499)	(52,181)
Consolidation and Elimination Adjustment ^(d)	(82,879)	(70,477)	(79,879)	(71,749)	(73,708)	(633,240)	(295,813)
Total Segment	\$ 471,345	\$ 542,004	\$ 624,132	\$ 686,900	\$ 727,544	\$ 2,378,136	\$ 2,580,580
GAAP Income (Loss) Before Provision for Taxes to Total Segment Economic Income							
GAAP							
Revenues Less Expenses	340,541	314,644	479,823	657,908	744,885	1,555,677	2,197,260
Other Income ^(h)	100,368	19,142	30,703	61,395	73,510	259,071	184,750
Income Before Provision for Taxes	440,909	333,786	510,526	719,303	818,395	1,814,748	2,382,010
Consolidation and Elimination Adjustment ⁽ⁱ⁾	(35,067)	53,659	30,484	(11,334)	26,465	363,048	99,274
Total Segment	\$ 405,842	\$ 387,445	\$ 541,010	\$ 707,969	\$ 844,860	\$ 2,177,796	\$ 2,481,284

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)

	4Q'16		FY'16	
	Results	Per Unit	Results	Per Unit
▶ Base Management Fees	\$ 623,571		\$ 2,397,779	
▶ Advisory Fees	343		3,207	
▶ Transaction and Other Fees, Net	35,275		141,651	
▶ Management Fee Offsets	(23,297)		(79,644)	
▶ Other Revenue	52,839		54,712	
▶ Compensation	(241,063)		(1,083,216)	
▶ Non-Interest Operating Expenses	(119,642)		(431,836)	
Fee Related Earnings	\$ 328,026	\$ 0.28	\$ 1,002,653	\$ 0.84
▶ Net Realized Incentive Fees	50,707		94,005	
▶ Net Realized Carried Interest	274,807		1,018,961	
▶ Realized Investment Income	95,666		199,869	
▶ Net Interest (Loss)	(10,542)		(51,623)	
▶ Taxes and Related Payables	(67,678)		(167,149)	
▶ Equity-Based Compensation	20,847		79,571	
Distributable Earnings	\$ 691,833	\$ 0.55	\$ 2,176,287	\$ 1.78
▶ Net Unrealized Incentive Fees	961		28,595	
▶ Net Unrealized Carried Interest	101,619		168,403	
▶ Unrealized Investment Income	3,616		20,421	
▶ Add Back: Related Payables	34,428		74,886	
▶ Less: Equity-Based Compensation	(20,847)		(79,571)	
Economic Net Income	\$ 811,610	\$ 0.68	\$ 2,389,021	\$ 2.00

Fee Earnings

Distributable Earnings

Economic Net Income

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. 4Q'16 Fee Related Earnings per Unit is based on end of period DE Units Outstanding; 4Q'16 DE per Unit is based on DE attributable to Common Unitholders (see page 19, Unitholder Distribution) and end of period Total Common Units Outstanding; and 4Q'16 ENI per Unit is based on Weighted-Average ENI Adjusted Units. FY'16 per Unit represents the sum of the last four quarters. See page 31, Unit Rollforward.

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

(Dollars in Thousands)	4Q'16	FY'16
Other Operating Expenses	\$ 172,672	\$ 629,342
Less: Interest Expense	(53,030)	(197,506)
Non-Interest Operating Expenses	\$ 119,642	\$ 431,836
Realized Incentive Fees	83,993	172,101
Less: Realized Incentive Fee Compensation	(33,286)	(78,096)
Net Realized Incentive Fees	\$ 50,707	\$ 94,005
Realized Carried Interest	416,250	1,474,915
Less: Realized Carried Interest Compensation	(141,443)	(455,954)
Net Realized Carried Interest	\$ 274,807	\$ 1,018,961
Interest Income and Dividend Revenue	42,488	145,883
Less: Interest Expense	(53,030)	(197,506)
Net Interest (Loss)	\$ (10,542)	\$ (51,623)
Equity-Based Compensation^(a)	\$ 20,847	\$ 79,571
Taxes and Related Payables^(b)	\$ (67,678)	\$ (167,149)
Unrealized Incentive Fees	2,450	49,729
Less: Unrealized Incentive Fee Compensation	(1,489)	(21,134)
Net Unrealized Incentive Fees	\$ 961	\$ 28,595
Unrealized Carried Interest	239,210	481,241
Less: Unrealized Carried Interest Compensation	(137,591)	(312,838)
Net Unrealized Carried Interest	\$ 101,619	\$ 168,403
Related Payables^(c)	\$ 34,428	\$ 74,886

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

	4Q'15	1Q'16 ^(a)	2Q'16	3Q'16	4Q'16
Total GAAP Weighted-Average Common Units Outstanding - Basic	641,134,086	644,897,849	646,933,698	650,917,510	655,074,617
<i>Adjustments:</i>					
Weighted-Average Unvested Deferred Restricted Common Units	1,794,046	1,332,772	1,309,402	1,495,331	1,643,603
Weighted-Average Blackstone Holdings Partnership Units	547,495,655	-	546,235,112	543,392,474	539,139,078
Total GAAP Weighted-Average Units Outstanding - Diluted	1,190,423,787	646,230,621	1,194,478,212	1,195,805,315	1,195,857,298
<i>Adjustments:</i>					
Weighted-Average Blackstone Holdings Partnership Units	-	548,042,780	-	-	-
Weighted-Average Economic Net Income Adjusted Units	1,190,423,787	1,194,273,401	1,194,478,212	1,195,805,315	1,195,857,298
Economic Net Income Adjusted Units, End of Period	1,190,361,741	1,194,083,538	1,194,567,513	1,195,797,124	1,196,223,079
Total Common Units Outstanding	637,410,828	643,789,108	645,810,990	649,587,761	654,833,530
<i>Adjustments:</i>					
Blackstone Holdings Partnership Units	546,844,892	543,969,293	542,206,078	542,410,515	537,393,402
Distributable Earnings Units Outstanding	1,184,255,720	1,187,758,401	1,188,017,068	1,191,998,276	1,192,226,932

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

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

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. 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.