



Blackstone Reports Second Quarter Results

New York, July 21, 2016: Blackstone (NYSE:BX) today reported its second quarter 2016 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Blackstone posted strong results in the second quarter, with Economic Net Income up over last year despite the notable market disturbances in the quarter. Our funds delivered good investment performance across our businesses. Investors around the world are in critical need of high-performing strategies and for many, Blackstone Funds are the solution. Against this backdrop we’ve had \$132 billion of inflows since the beginning of 2015 and despite significant realizations in that time period, our Total Assets Under Management rose to a record \$356 billion as of June 30.”

Blackstone’s press release of its second quarter 2016 results can also be viewed at www.blackstone.com.

Distribution

Blackstone has declared a quarterly distribution of \$0.36 per common unit to record holders of common units at the close of business on August 1, 2016. This distribution will be paid on August 8, 2016.

Quarterly Investor Call Details

Blackstone will host a conference call on July 21, 2016 at 11:00 a.m. ET to discuss second quarter 2016 results. The conference call can be accessed via the Shareholders section of Blackstone’s website at www.blackstone.com or by dialing +1 (866) 338-0147 (U.S. domestic) or +1 (617) 399-5163 (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 885 964 08#.

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 \$350 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.

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Blackstone's Second Quarter 2016 Earnings

July 21, 2016

Second Quarter 2016 GAAP Results

- GAAP Net Income was \$463 million for the quarter, up 32% year-over-year. GAAP Net Income Attributable to The Blackstone Group L.P. was \$199 million.

(Dollars in Thousands, Except per Unit Data) (Unaudited)	2Q'15	2Q'16	% Change vs. 2Q'15	2Q'15 YTD	2Q'16 YTD	% Change vs. 2Q'15 YTD
Revenues						
Management and Advisory Fees, Net	\$ 574,132	\$ 607,823	6%	\$ 1,190,900	\$ 1,216,729	2%
Performance Fees						
Realized Carried Interest	937,483	323,734	(65)%	2,145,077	554,643	(74)%
Realized Incentive Fees	47,682	29,441	(38)%	77,320	57,860	(25)%
Unrealized Carried Interest	(441,930)	88,292	n/m	(68,090)	135,878	n/m
Unrealized Incentive Fees	25,070	7,776	(69)%	87,106	15,355	(82)%
Total Performance Fees	568,305	449,243	(21)%	2,241,413	763,736	(66)%
Investment Income (Loss)						
Realized	157,823	65,037	(59)%	345,753	53,036	(85)%
Unrealized	(100,999)	40,102	n/m	(82,726)	43,595	n/m
Total Investment Income	56,824	105,139	85%	263,027	96,631	(63)%
Interest and Dividend Revenue	21,965	22,286	1%	43,885	45,361	3%
Other	3,976	7,935	100%	(1,665)	2,323	n/m
Total Revenues	1,225,202	1,192,426	(3)%	3,737,560	2,124,780	(43)%
Expenses						
Compensation and Benefits						
Compensation	473,019	355,424	(25)%	1,032,578	701,427	(32)%
Performance Fee Compensation						
Realized Carried Interest	238,033	87,580	(63)%	530,281	146,084	(72)%
Realized Incentive Fees	21,837	15,250	(30)%	34,064	29,374	(14)%
Unrealized Carried Interest	(50,559)	75,202	n/m	23,821	105,203	342%
Unrealized Incentive Fees	6,130	2,689	(56)%	31,091	6,137	(80)%
Total Compensation and Benefits	688,460	536,145	(22)%	1,651,835	988,225	(40)%
General, Administrative and Other	146,859	130,988	(11)%	277,832	254,033	(9)%
Interest Expense	37,414	36,878	(1)%	68,784	74,234	8%
Fund Expenses	41,699	8,592	(79)%	58,549	13,821	(76)%
Total Expenses	914,432	712,603	(22)%	2,057,000	1,330,313	(35)%
Other Income						
Net Gains from Fund Investment Activities	82,015	30,703	(63)%	175,570	49,845	(72)%
Income Before Provision for Taxes	\$ 392,785	\$ 510,526	30%	\$ 1,856,130	\$ 844,312	(55)%
Provision for Taxes	43,251	47,415	10%	142,595	56,561	(60)%
Net Income	\$ 349,534	\$ 463,111	32%	\$ 1,713,535	\$ 787,751	(54)%
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	13,780	(2,049)	n/m	21,307	(8,450)	n/m
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	66,716	64,729	(3)%	148,512	104,815	(29)%
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	134,870	201,805	50%	780,100	333,007	(57)%
Net Income Attributable to The Blackstone Group L.P. ("BX")	\$ 134,168	\$ 198,626	48%	\$ 763,616	\$ 358,379	(53)%
Net Income per Common Unit, Basic	\$ 0.21	\$ 0.31	48%	\$ 1.21	\$ 0.55	(55)%
Net Income per Common Unit, Diluted	\$ 0.21	\$ 0.30	43%	\$ 1.21	\$ 0.54	(55)%

n/m = not meaningful.

Second Quarter 2016 Segment Highlights

- ▶ Economic Net Income (“ENI”) was \$520 million (\$0.44/unit) in the quarter, up 2% year-over-year, on \$1.2 billion of Total Segment Revenues.
 - ENI was \$890 million (\$0.75/unit) year-to-date on \$2.1 billion of Total Segment Revenues.
- ▶ Distributable Earnings (“DE”) was \$503 million (\$0.42/unit) in the quarter, on \$353 million of Realized Performance Fees.
 - DE was \$891 million (\$0.75/unit) year-to-date on \$612 million of Realized Performance Fees.
- ▶ Fee Related Earnings (“FRE”) was \$226 million in the second quarter, up 27% from \$178 million in the prior year despite the spin-off of Blackstone’s Advisory businesses completed in October 2015.
 - FRE was \$446 million year-to-date, on \$1.2 billion of Fee Revenues.
- ▶ Total Assets Under Management (“AUM”) reached a record \$356.3 billion through a combination of strong fundraising and organic expansion.
 - Gross inflows were \$21.2 billion in the quarter, bringing the last twelve months (“LTM”) inflows to \$70.0 billion.
 - Total AUM increased 7% year-over-year and Fee-Earning AUM was up 11% to \$266.0 billion.
- ▶ Capital deployed of \$4.0 billion in the quarter and \$10.7 billion year-to-date was achieved by leveraging Blackstone’s diverse platform to find opportunities globally.
- ▶ Blackstone declared a second quarter distribution of \$0.36 per common unit payable on August 8, 2016.

Second Quarter 2016 Segment Earnings

(Dollars in Thousands, Except per Unit Data)	2Q'15	2Q'16	% Change vs. 2Q'15	2Q'15 YTD	2Q'16 YTD	% Change vs. 2Q'15 YTD
Fee Revenues	\$ 590,757	\$ 620,766	5%	\$ 1,205,648	\$ 1,227,719	2%
Performance Fees	569,664	449,372	(21)%	2,243,400	763,437	(66)%
Investment Income	10,774	59,771	455%	200,415	33,121	(83)%
Interest Income and Dividend Revenue	31,026	35,233	14%	61,477	70,314	14%
Total Revenues	1,202,221	1,165,142	(3)%	3,710,940	2,094,591	(44)%
Total Expenses	673,194	624,132	(7)%	1,550,130	1,166,136	(25)%
Taxes	20,587	21,234	3%	30,306	38,028	25%
Economic Net Income ("ENI")	\$ 508,440	\$ 519,776	2%	\$ 2,130,504	\$ 890,427	(58)%
<i>ENI per Unit</i>	<i>\$ 0.43</i>	<i>\$ 0.44</i>	<i>2%</i>	<i>\$ 1.80</i>	<i>\$ 0.75</i>	<i>(58)%</i>
Fee Related Earnings ("FRE")	\$ 178,441	\$ 226,136	27%	\$ 359,065	\$ 445,592	24%
Distributable Earnings ("DE")	\$ 1,033,920	\$ 503,459	(51)%	\$ 2,274,127	\$ 891,426	(61)%
<i>DE per Common Unit</i>	<i>\$ 0.88</i>	<i>\$ 0.42</i>	<i>(52)%</i>	<i>\$ 1.93</i>	<i>\$ 0.75</i>	<i>(61)%</i>
Total AUM	\$ 332,723,546	\$ 356,281,669	7%	\$ 332,723,546	\$ 356,281,669	7%
Fee-Earning AUM	\$ 239,342,214	\$ 266,006,713	11%	\$ 239,342,214	\$ 266,006,713	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 2.5% in the quarter due to appreciation in both the private and public investment portfolios.
- ▶ Realizations of \$3.8 billion in the quarter and \$5.9 billion year-to-date were driven mainly by sales in Corporate Private Equity's public portfolio and Strategic Partners.
- ▶ Deployed \$1.6 billion during the quarter and \$3.6 billion year-to-date across the segment.
- ▶ Raised \$7.1 billion in the quarter across the segment, including closings for the seventh secondary fund and the first core private equity fund, bringing total capital raised to \$19.5 billion over the LTM.
- ▶ Total AUM increased 8% year-over-year to a record \$99.7 billion, driven by fundraising across all strategies within the segment.
- ▶ Fee-Earning AUM increased 40% year-over-year due to the commencement of investment periods of various flagship funds across the segment, contributing to Fee Revenues increasing 31% year-over-year.

(Dollars in Thousands)	2Q'15	2Q'16	% Change		% Change	
			vs. 2Q'15	2Q'15 YTD	2Q'16 YTD	vs. 2Q'15 YTD
Fee Revenues	\$ 108,406	\$ 141,766	31%	\$ 232,803	\$ 272,899	17%
Performance Fees	241,002	142,103	(41)%	1,190,802	246,260	(79)%
Investment Income	27,957	20,160	(28)%	104,260	20,243	(81)%
Interest Income and Dividend Revenue	7,669	9,516	24%	15,287	19,365	27%
Total Revenues	385,034	313,545	(19)%	1,543,152	558,767	(64)%
Compensation	68,106	83,140	22%	139,178	163,414	17%
Performance Fee Compensation	80,928	50,396	(38)%	298,530	75,119	(75)%
Other Operating Expenses	62,571	48,371	(23)%	101,446	96,434	(5)%
Total Expenses	211,605	181,907	(14)%	539,154	334,967	(38)%
Economic Income	\$ 173,429	\$ 131,638	(24)%	\$ 1,003,998	\$ 223,800	(78)%
Total AUM	\$ 92,026,337	\$ 99,685,655	8%	\$ 92,026,337	\$ 99,685,655	8%
Fee-Earning AUM	\$ 49,537,189	\$ 69,467,174	40%	\$ 49,537,189	\$ 69,467,174	40%

2.5%

2Q'16 increase in Corporate Private Equity carrying value

\$7.1 billion

2Q'16 capital raised

\$99.7 billion

Total AUM up 8% YoY

Real Estate

- ▶ Opportunistic funds' carrying value up 2.2% during the quarter due to gains in private investment values, partially offset by reductions in value for London office holdings; core+ funds' carrying value up 2.1% during the quarter.
- ▶ Sustained strong level of realizations with \$3.4 billion in the quarter driven by private asset sales in the Equity Office Property and Trizec office portfolios, two secondary equity offerings of the Brixmor public stake and sale of a 66% interest in Tysan Holdings, a Hong Kong publicly listed real estate company.
- ▶ Invested \$1.6 billion in the quarter, including the U.S. retail portfolio of RioCan, a Canadian public REIT.
- ▶ Raised \$4.1 billion in the quarter across the platform, including \$1.4 billion for the fifth European opportunistic fund, \$1.2 billion for the third mezzanine debt fund and \$1.0 billion for U.S. core+ funds.
- ▶ Total AUM up 13% year-over-year to \$103.2 billion and Fee-Earning AUM up 6% year-over-year to \$66.7 billion driven by growth in core+ funds.
 - Total AUM of \$12.9 billion in core+ funds, an increase of more than 100% year-over-year.

(Dollars in Thousands)			% Change		% Change	
	2Q'15	2Q'16	vs. 2Q'15	2Q'15 YTD	2Q'16 YTD	vs. 2Q'15 YTD
Fee Revenues	\$ 157,902	\$ 223,128	41%	\$ 316,623	\$ 453,325	43%
Performance Fees	180,530	193,548	7%	817,552	396,487	(52)%
Investment Income (Loss)	(22,259)	11,027	n/m	86,595	21,865	(75)%
Interest Income and Dividend Revenue	10,259	13,084	28%	20,256	26,272	30%
Total Revenues	326,432	440,787	35%	1,241,026	897,949	(28)%
Compensation	79,484	102,888	29%	164,318	203,466	24%
Performance Fee Compensation	66,510	76,540	15%	217,853	153,610	(29)%
Other Operating Expenses	43,346	52,201	20%	83,489	100,298	20%
Total Expenses	189,340	231,629	22%	465,660	457,374	(2)%
Economic Income	\$ 137,092	\$ 209,158	53%	\$ 775,366	\$ 440,575	(43)%
Total AUM	\$ 91,578,634	\$ 103,197,060	13%	\$ 91,578,634	\$ 103,197,060	13%
Fee-Earning AUM	\$ 62,683,857	\$ 66,744,550	6%	\$ 62,683,857	\$ 66,744,550	6%

2.2%

2Q'16 increase in opportunistic funds' carrying value

\$223 million

2Q'16 Fee Revenues up 41% YoY

\$103.2 billion

Total AUM up 13% YoY

Hedge Fund Solutions

- ▶ The composite gross return was 1.4% in the quarter, despite challenging market conditions and volatility.
- ▶ Gross inflows of \$2.0 billion during the quarter, \$5.2 billion year-to-date and \$10.7 billion LTM were driven by customized and commingled strategies and individual investor solutions.
 - July 1 subscriptions of \$1.0 billion are not yet included in AUM.
- ▶ Total AUM reached \$68.6 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 \$6.7 billion, up 47% from \$4.6 billion year-over-year.

(Dollars in Thousands)	2Q'15	2Q'16	% Change vs. 2Q'15	2Q'15 YTD	2Q'16 YTD	% Change vs. 2Q'15 YTD
Fee Revenues	\$ 130,067	\$ 131,243	1%	\$ 258,842	\$ 260,556	1%
Performance Fees	40,784	1,586	(96)%	98,727	1,367	(99)%
Investment Income (Loss)	275	8,842	n/m	(5,617)	(8,194)	46%
Interest Income and Dividend Revenue	3,970	5,205	31%	7,919	10,501	33%
Total Revenues	175,096	146,876	(16)%	359,871	264,230	(27)%
Compensation	45,841	44,436	(3)%	101,945	98,605	(3)%
Performance Fee Compensation	16,552	2,043	(88)%	35,673	2,711	(92)%
Other Operating Expenses	20,499	27,218	33%	41,705	53,364	28%
Total Expenses	82,892	73,697	(11)%	179,323	154,680	(14)%
Economic Income	\$ 92,204	\$ 73,179	(21)%	\$ 180,548	\$ 109,550	(39)%
Total AUM	\$ 67,829,866	\$ 68,649,878	1%	\$ 67,829,866	\$ 68,649,878	1%
Fee-Earning AUM	\$ 65,512,170	\$ 64,973,999	(1)%	\$ 65,512,170	\$ 64,973,999	(1)%

1.4%
2Q'16 Composite Gross Return

\$2.0 billion
2Q'16 Gross Inflows

\$68.6 billion
Total AUM up 1% YoY

The 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-investments), 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. On a net of fees basis, the BPS Composite was 1.2% for 2Q'16.

Credit

- ▶ Strong performance across strategies, resulting in gross returns of 9.7% in Performing Credit and 7.3% in Distressed Strategies.
 - Performance was driven by a significant rebound in energy investments, as well as broad-based appreciation across funds.
- ▶ Total AUM reached a record \$84.7 billion in the quarter driven by several capital raises: \$3.3 billion for the initial closings of a new mezzanine fund, \$1.2 billion for two new CLOs and \$960 million for a new opportunistic fund focused on market dislocations.
- ▶ Deployed or committed \$1.7 billion of capital during the quarter, predominantly in European deals and investments in the energy sector.
- ▶ Continued realization activity across drawdown funds of \$771 million in the quarter.

(Dollars in Thousands)	2Q'15	2Q'16	% Change vs. 2Q'15	2Q'15 YTD	2Q'16 YTD	% Change vs. 2Q'15 YTD
Fee Revenues	\$ 122,339	\$ 124,629	2%	\$ 244,468	\$ 240,939	(1)%
Performance Fees	107,348	112,135	4%	136,319	119,323	(12)%
Investment Income (Loss)	5,483	19,742	260%	14,607	(793)	n/m
Interest Income and Dividend Revenue	5,938	7,428	25%	11,589	14,176	22%
Total Revenues	241,108	263,934	9%	406,983	373,645	(8)%
Compensation	47,124	55,691	18%	97,001	108,073	11%
Performance Fee Compensation	51,451	51,744	1%	67,201	55,358	(18)%
Other Operating Expenses	23,539	29,464	25%	45,375	55,684	23%
Total Expenses	122,114	136,899	12%	209,577	219,115	5%
Economic Income	\$ 118,994	\$ 127,035	7%	\$ 197,406	\$ 154,530	(22)%
Total AUM	\$ 81,288,709	\$ 84,749,076	4%	\$ 81,288,709	\$ 84,749,076	4%
Fee-Earning AUM	\$ 61,608,998	\$ 64,820,990	5%	\$ 61,608,998	\$ 64,820,990	5%

2Q'16 Composite Gross Returns

Performing Credit	9.7%
Distressed	7.3%

\$7.3 billion

2Q'16 Gross Inflows

\$84.7 billion

Total AUM up 4% YoY

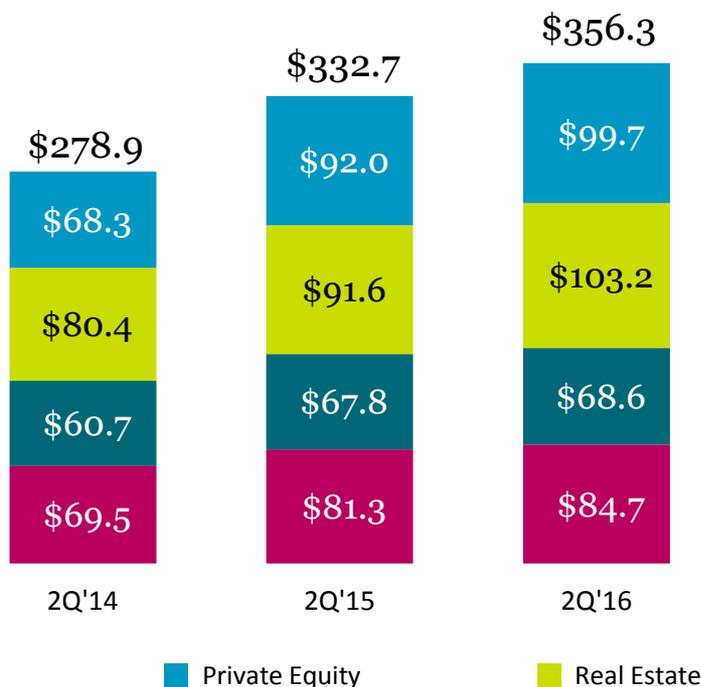
Performing Credit Strategies include mezzanine lending funds, Business Development Companies ("BDCs") and other performing credit strategy funds. Distressed Strategies include hedge fund strategies, rescue lending funds and distressed energy strategies. The composite gross returns represent a weighted-average 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 8.3% for 2Q'16 and Distressed Strategies' net returns were 6.2% for 2Q'16. The breakdown of Total AUM for 2Q'16 is as follows: Distressed Strategies \$22.1 billion (34% Incentive Fee, 66% Carried Interest), Performing Credit Strategies \$31.2 billion (56% Incentive Fee, 44% Carried Interest), and Long Only \$31.4 billion.

Assets Under Management

- ▶ Total AUM increased 7% year-over-year to \$356.3 billion driven by \$70.0 billion from gross inflows.
 - Each segment experienced growth despite \$48.0 billion of capital returned to investors during the LTM.
- ▶ Fee-Earning AUM of \$266.0 billion was up 11% year-over-year as \$63.7 billion of gross inflows significantly outpaced \$34.3 billion of realizations and outflows.

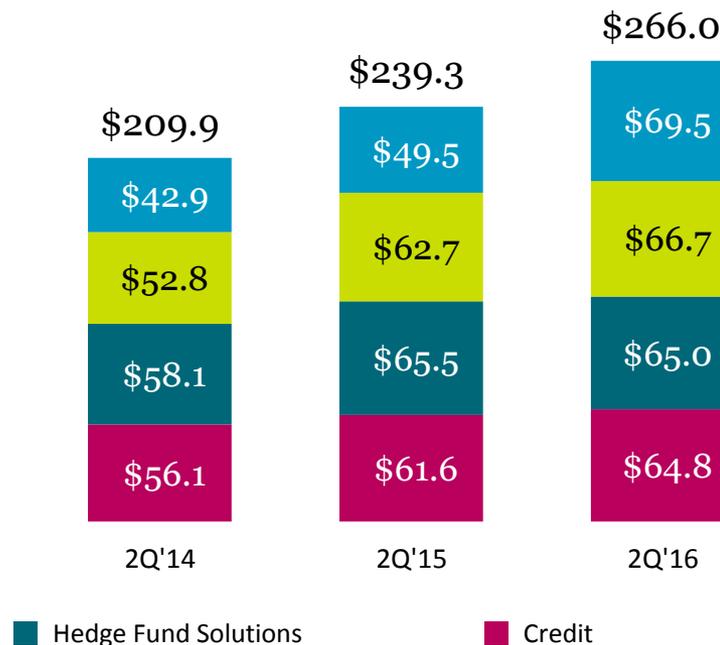
Total AUM by Segment

(Dollars in Billions)



Fee-Earning AUM by Segment

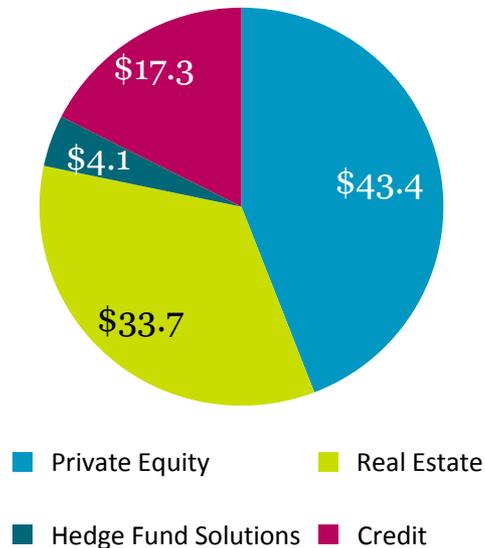
(Dollars in Billions)



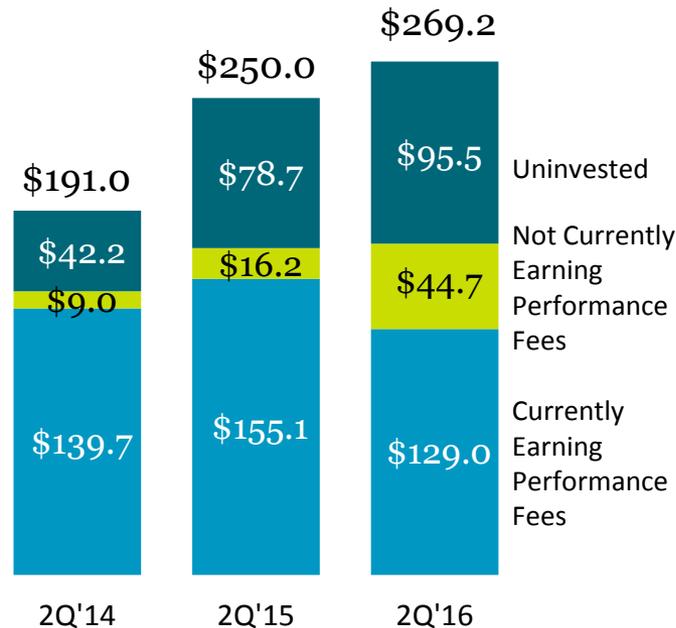
Additional Capital Detail

- ▶ Undrawn capital (“Total Dry Powder”) was \$98.5 billion, up 20% year-over-year, driven by recent fundraises for the latest global private equity and real estate funds.
- ▶ Performance Fee Eligible AUM reached \$269.2 billion at quarter end, up 8% year-over-year, despite significant realizations in the Real Estate and Private Equity segments.

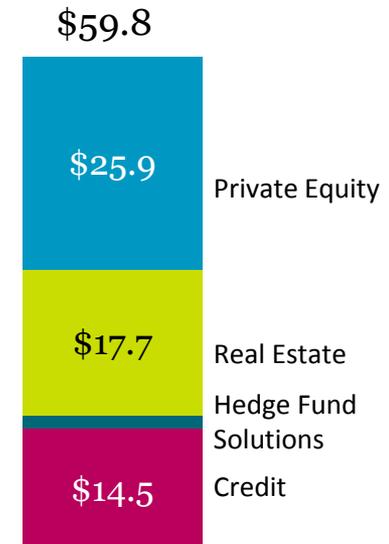
\$98 billion 2Q'16
Total Dry Powder



\$269 billion Performance
Fee Eligible AUM

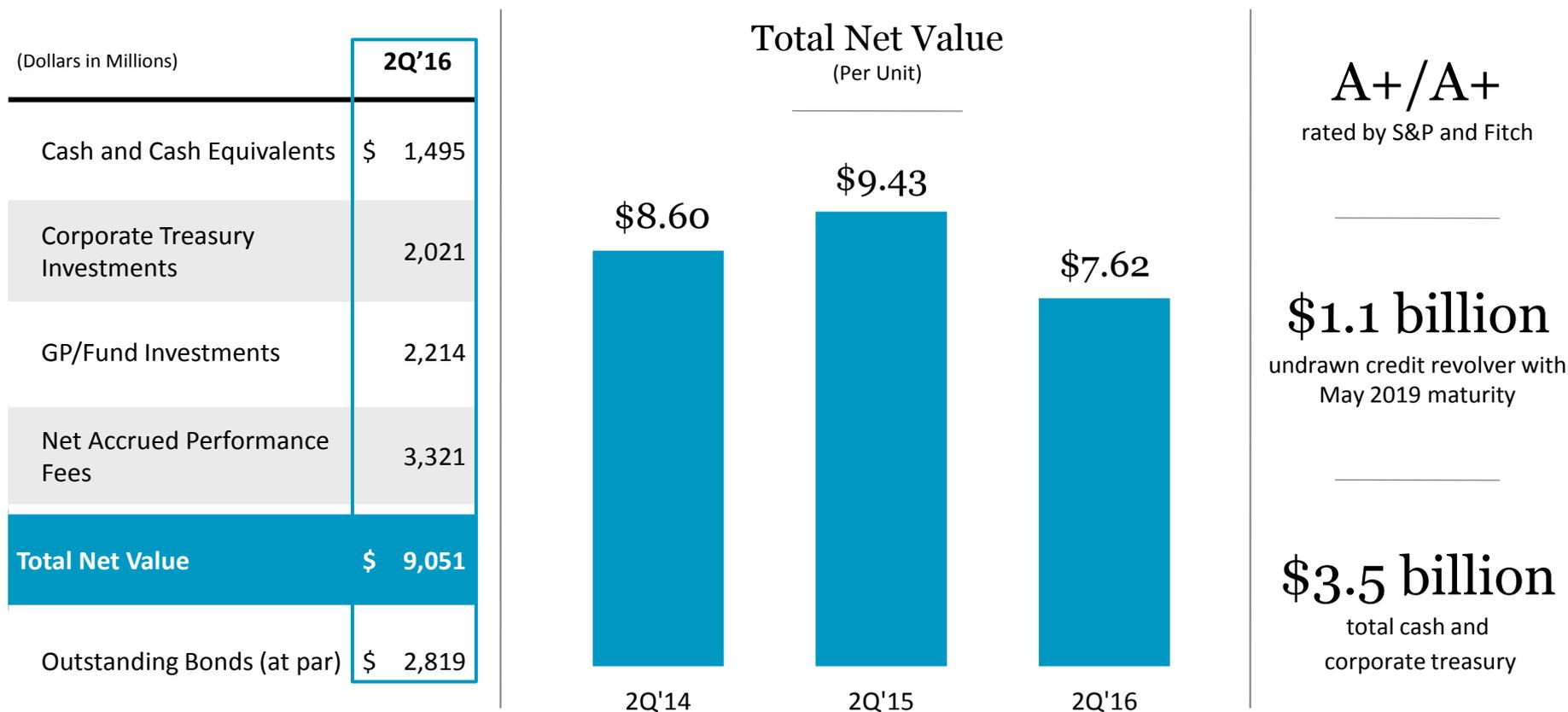


\$60 billion Not Currently
Earning Management Fees



Deconsolidated Balance Sheet Highlights

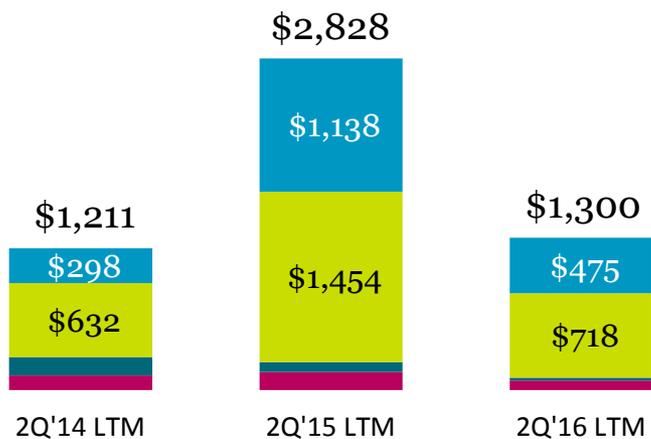
- ▶ At June 30, 2016, Blackstone had \$3.5 billion in total cash, cash equivalents, and corporate treasury investments and \$9.1 billion of total net value, or \$7.62 per unit.
- ▶ Blackstone has no net debt, a \$1.1 billion undrawn credit revolver and maintained A+/A+ ratings.



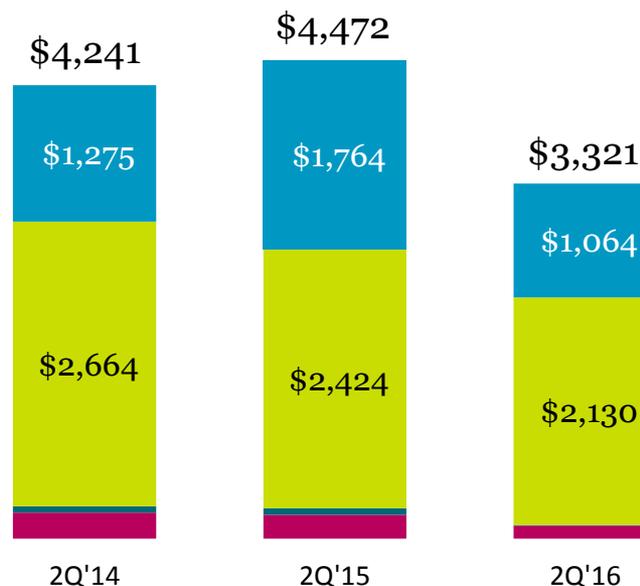
Performance Fees

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

Net Realized Performance Fees (Dollars in Millions)



Net Accrued Performance Fees (Dollars in Millions)



\$1.3 billion

2Q'16 LTM Net Realized
Performance Fees

\$3.3 billion

Net Accrued Performance Fees

53%

Net Accrued Performance Fees
Related to Publics/Pending Exits

■ Private Equity

■ Real Estate

■ Hedge Fund Solutions

■ Credit

Appendix

Total Segments

(Dollars in Thousands)	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	2Q'15 YTD	2Q'16 YTD
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 516,492	\$ 564,287	\$ 599,407	\$ 586,703	\$ 593,996	\$ 1,032,889	\$ 1,180,699
Advisory Fees	76,998	146,153	742	481	1,277	161,236	1,758
Transaction and Other Fees, Net	11,728	32,403	72,481	46,118	32,343	48,801	78,461
Management Fee Offsets	(18,434)	(34,176)	(22,939)	(20,101)	(15,396)	(36,379)	(35,497)
Total Management and Advisory Fees, Net	586,784	708,667	649,691	613,201	612,220	1,206,547	1,225,421
Performance Fees							
Realized Carried Interest	937,483	435,189	625,610	230,909	323,734	2,145,077	554,643
Realized Incentive Fees	47,819	34,785	82,472	28,450	29,363	77,489	57,813
Unrealized Carried Interest	(441,949)	(1,055,977)	(471,222)	47,606	88,268	(68,097)	135,874
Unrealized Incentive Fees	26,311	(53,346)	(42,834)	7,100	8,007	88,931	15,107
Total Performance Fees	569,664	(639,349)	194,026	314,065	449,372	2,243,400	763,437
Investment Income (Loss)							
Realized	136,497	87,526	86,993	(10,101)	53,670	244,289	43,569
Unrealized	(125,723)	(223,657)	(98,428)	(16,549)	6,101	(43,874)	(10,448)
Total Investment Income (Loss)	10,774	(136,131)	(11,435)	(26,650)	59,771	200,415	33,121
Interest Income and Dividend Revenue	31,026	35,459	34,665	35,081	35,233	61,477	70,314
Other	3,973	(841)	10,240	(6,248)	8,546	(899)	2,298
Total Revenues	1,202,221	(32,195)	877,187	929,449	1,165,142	3,710,940	2,094,591
Expenses							
Compensation	289,352	329,575	240,454	287,403	286,155	619,190	573,558
Performance Fee Compensation							
Realized Carried Interest	238,032	97,799	165,721	58,503	87,581	530,280	146,084
Realized Incentive Fees	21,837	15,061	36,821	14,123	15,251	34,064	29,374
Unrealized Carried Interest	(50,559)	(228,697)	(107,820)	30,001	75,202	23,821	105,203
Unrealized Incentive Fees	6,131	(14,642)	(18,940)	3,448	2,689	31,092	6,137
Total Compensation and Benefits	504,793	199,096	316,236	393,478	466,878	1,238,447	860,356
Other Operating Expenses	168,401	157,565	155,109	148,526	157,254	311,683	305,780
Total Expenses	673,194	356,661	471,345	542,004	624,132	1,550,130	1,166,136
Economic Income (Loss)	\$ 529,027	\$ (388,856)	\$ 405,842	\$ 387,445	\$ 541,010	\$ 2,160,810	\$ 928,455
Economic Net Income (Loss)	\$ 508,440	\$ (415,926)	\$ 435,691	\$ 370,651	\$ 519,776	\$ 2,130,504	\$ 890,427
Fee Related Earnings	\$ 178,441	\$ 265,667	\$ 310,879	\$ 219,456	\$ 226,136	\$ 359,065	\$ 445,592
Distributable Earnings	\$ 1,033,920	\$ 691,534	\$ 878,027	\$ 387,967	\$ 503,459	\$ 2,274,127	\$ 891,426
Total Assets Under Management	\$ 332,723,546	\$ 333,925,521	\$ 336,384,575	\$ 343,705,462	\$ 356,281,669	\$ 332,723,546	\$ 356,281,669
Fee-Earning Assets Under Management	\$ 239,342,214	\$ 240,939,356	\$ 246,146,372	\$ 244,452,764	\$ 266,006,713	\$ 239,342,214	\$ 266,006,713
Weighted Average Fee-Earning AUM	\$ 237,576,488	\$ 239,786,680	\$ 242,942,380	\$ 244,891,488	\$ 259,476,010	\$ 230,738,845	\$ 262,556,041
LP Capital Invested	\$ 4,814,362	\$ 6,145,446	\$ 14,779,702	\$ 6,515,571	\$ 3,795,171	\$ 9,579,898	\$ 10,310,742
Total Capital Invested	\$ 5,048,058	\$ 6,507,371	\$ 15,747,511	\$ 6,693,375	\$ 4,049,774	\$ 10,100,428	\$ 10,743,149

Private Equity

(Dollars in Thousands)	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	2Q'15 YTD	2Q'16 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 121,918	\$ 128,452	\$ 143,887	\$ 130,648	\$ 131,477	\$ 230,301	\$ 262,125
Advisory Fees	4,843	2,547	742	481	1,277	7,272	1,758
Transaction and Other Fees, Net	(11,842)	9,359	18,382	8,439	9,812	8,517	18,251
Management Fee Offsets	(9,028)	(12,262)	(10,521)	(6,848)	(4,195)	(13,977)	(11,043)
Total Management Fees, Net	105,891	128,096	152,490	132,720	138,371	232,113	271,091
Performance Fees							
Realized Carried Interest	546,575	214,532	330,902	30,282	57,056	929,553	87,338
Unrealized Carried Interest	(305,573)	(809,363)	(169,841)	73,875	85,047	261,249	158,922
Total Performance Fees	241,002	(594,831)	161,061	104,157	142,103	1,190,802	246,260
Investment Income (Loss)							
Realized	50,258	46,917	47,658	(15,357)	22,926	95,074	7,569
Unrealized	(22,301)	(110,689)	(14,835)	15,440	(2,766)	9,186	12,674
Total Investment Income (Loss)	27,957	(63,772)	32,823	83	20,160	104,260	20,243
Interest Income and Dividend Revenue	7,669	8,119	9,812	9,849	9,516	15,287	19,365
Other	2,515	471	4,693	(1,587)	3,395	690	1,808
Total Revenues	385,034	(521,917)	360,879	245,222	313,545	1,543,152	558,767
Expenses							
Compensation	68,106	70,419	70,651	80,274	83,140	139,178	163,414
Performance Fee Compensation							
Realized Carried Interest	106,502	16,303	94,635	15,427	30,946	145,984	46,373
Unrealized Carried Interest	(25,574)	(141,448)	(21,270)	9,296	19,450	152,546	28,746
Total Compensation and Benefits	149,034	(54,726)	144,016	104,997	133,536	437,708	238,533
Other Operating Expenses	62,571	43,812	53,900	48,063	48,371	101,446	96,434
Total Expenses	211,605	(10,914)	197,916	153,060	181,907	539,154	334,967
Economic Income (Loss)	\$ 173,429	\$ (511,003)	\$ 162,963	\$ 92,162	\$ 131,638	\$ 1,003,998	\$ 223,800
Total Assets Under Management	\$ 92,026,337	\$ 91,490,669	\$ 94,280,074	\$ 95,466,227	\$ 99,685,655	\$ 92,026,337	\$ 99,685,655
Fee-Earning Assets Under Management	\$ 49,537,189	\$ 50,560,404	\$ 51,451,196	\$ 50,228,312	\$ 69,467,174	\$ 49,537,189	\$ 69,467,174
Weighted Average Fee-Earning AUM	\$ 49,925,744	\$ 50,268,174	\$ 51,185,170	\$ 51,240,819	\$ 63,083,579	\$ 49,878,703	\$ 67,190,788
LP Capital Invested	\$ 1,800,854	\$ 1,535,702	\$ 4,508,023	\$ 1,865,698	\$ 1,538,436	\$ 4,175,453	\$ 3,404,134
Total Capital Invested	\$ 1,949,748	\$ 1,677,876	\$ 5,270,078	\$ 1,974,391	\$ 1,637,601	\$ 4,467,517	\$ 3,611,992

Real Estate

(Dollars in Thousands)	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	2Q'15 YTD	2Q'16 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 140,743	\$ 175,710	\$ 199,774	\$ 199,907	\$ 201,004	\$ 293,091	\$ 400,911
Transaction and Other Fees, Net	21,510	21,390	52,461	35,794	21,112	36,726	56,906
Management Fee Offsets	(5,428)	(10,147)	(6,399)	(3,595)	(1,219)	(10,294)	(4,814)
Total Management Fees, Net	156,825	186,953	245,836	232,106	220,897	319,523	453,003
Performance Fees							
Realized Carried Interest	363,983	169,051	290,450	200,627	266,382	1,175,232	467,009
Realized Incentive Fees	1,220	3,879	11,331	4,069	6,099	1,943	10,168
Unrealized Carried Interest	(188,608)	(128,854)	(182,061)	(11,522)	(84,875)	(369,627)	(96,397)
Unrealized Incentive Fees	3,935	2,784	8,014	9,765	5,942	10,004	15,707
Total Performance Fees	180,530	46,860	127,734	202,939	193,548	817,552	396,487
Investment Income (Loss)							
Realized	85,432	39,821	38,985	12,975	19,929	156,776	32,904
Unrealized	(107,691)	(95,382)	(66,326)	(2,137)	(8,902)	(70,181)	(11,039)
Total Investment Income (Loss)	(22,259)	(55,561)	(27,341)	10,838	11,027	86,595	21,865
Interest Income and Dividend Revenue	10,259	11,057	12,677	13,188	13,084	20,256	26,272
Other	1,077	(938)	2,416	(1,909)	2,231	(2,900)	322
Total Revenues	326,432	188,371	361,322	457,162	440,787	1,241,026	897,949
Expenses							
Compensation	79,484	99,255	94,808	100,578	102,888	164,318	203,466
Performance Fee Compensation							
Realized Carried Interest	116,168	52,546	68,827	43,076	56,441	362,664	99,517
Realized Incentive Fees	671	1,838	5,813	2,133	3,300	1,027	5,433
Unrealized Carried Interest	(50,559)	(23,018)	(24,686)	27,703	14,257	(148,643)	41,960
Unrealized Incentive Fees	230	5,215	797	4,158	2,542	2,805	6,700
Total Compensation and Benefits	145,994	135,836	145,559	177,648	179,428	382,171	357,076
Other Operating Expenses	43,346	42,050	53,636	48,097	52,201	83,489	100,298
Total Expenses	189,340	177,886	199,195	225,745	231,629	465,660	457,374
Economic Income	\$ 137,092	\$ 10,485	\$ 162,127	\$ 231,417	\$ 209,158	\$ 775,366	\$ 440,575
Total Assets Under Management	\$ 91,578,634	\$ 93,187,556	\$ 93,917,824	\$ 101,107,528	\$ 103,197,060	\$ 91,578,634	\$ 103,197,060
Fee-Earning Assets Under Management	\$ 62,683,857	\$ 64,858,622	\$ 67,345,357	\$ 67,298,439	\$ 66,744,550	\$ 62,683,857	\$ 66,744,550
Weighted Average Fee-Earning AUM	\$ 60,939,868	\$ 63,492,663	\$ 65,356,567	\$ 66,943,268	\$ 67,215,301	\$ 56,168,300	\$ 67,306,366
LP Capital Invested	\$ 2,963,609	\$ 4,118,952	\$ 7,733,638	\$ 3,747,181	\$ 1,524,415	\$ 4,406,772	\$ 5,271,596
Total Capital Invested	\$ 3,035,837	\$ 4,326,151	\$ 7,835,881	\$ 3,820,460	\$ 1,557,192	\$ 4,441,440	\$ 5,377,652

Hedge Fund Solutions

(Dollars in Thousands)	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	2Q'15 YTD	2Q'16 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 130,216	\$ 133,592	\$ 129,941	\$ 130,158	\$ 130,123	\$ 260,853	\$ 260,281
Transaction and Other Fees, Net	-	219	73	543	(5)	25	538
Management Fee Offsets	(608)	(507)	1,566	-	-	(888)	-
Total Management Fees, Net	129,608	133,304	131,580	130,701	130,118	259,990	260,819
Performance Fees							
Realized Incentive Fees	16,915	2,783	37,983	2,684	(251)	27,431	2,433
Unrealized Carried Interest	8,014	(5,394)	(599)	32	801	8,014	833
Unrealized Incentive Fees	15,855	(29,711)	(41,655)	(2,935)	1,036	63,282	(1,899)
Total Performance Fees	40,784	(32,322)	(4,271)	(219)	1,586	98,727	1,367
Investment Income (Loss)							
Realized	(1,757)	(468)	(141)	(4,745)	(515)	(12,132)	(5,260)
Unrealized	2,032	(6,411)	(1,539)	(12,291)	9,357	6,515	(2,934)
Total Investment Income (Loss)	275	(6,879)	(1,680)	(17,036)	8,842	(5,617)	(8,194)
Interest Income and Dividend Revenue	3,970	4,136	5,219	5,296	5,205	7,919	10,501
Other	459	(66)	1,414	(1,388)	1,125	(1,148)	(263)
Total Revenues	175,096	98,173	132,262	117,354	146,876	359,871	264,230
Expenses							
Compensation	45,841	44,408	33,131	54,169	44,436	101,945	98,605
Performance Fee Compensation							
Realized Incentive Fees	8,711	(436)	15,410	1,863	1,325	12,181	3,188
Unrealized Carried Interest	4,077	(3,041)	(213)	-	238	4,077	238
Unrealized Incentive Fees	3,764	(7,011)	(15,316)	(1,195)	480	19,415	(715)
Total Compensation and Benefits	62,393	33,920	33,012	54,837	46,479	137,618	101,316
Other Operating Expenses	20,499	24,147	24,220	26,146	27,218	41,705	53,364
Total Expenses	82,892	58,067	57,232	80,983	73,697	179,323	154,680
Economic Income	\$ 92,204	\$ 40,106	\$ 75,030	\$ 36,371	\$ 73,179	\$ 180,548	\$ 109,550
Total Assets Under Management	\$ 67,829,866	\$ 68,405,948	\$ 69,105,425	\$ 68,475,416	\$ 68,649,878	\$ 67,829,866	\$ 68,649,878
Fee-Earning Assets Under Management	\$ 65,512,170	\$ 65,182,338	\$ 65,665,439	\$ 64,831,253	\$ 64,973,999	\$ 65,512,170	\$ 64,973,999
Weighted Average Fee-Earning AUM	\$ 65,453,883	\$ 65,782,066	\$ 65,802,335	\$ 65,123,126	\$ 65,520,626	\$ 64,405,449	\$ 65,436,771
LP Capital Invested	\$ 2,131	\$ 66,427	\$ 41,332	\$ 315,757	\$ 32,804	\$ 135,482	\$ 348,561
Total Capital Invested	\$ 2,136	\$ 71,132	\$ 39,877	\$ 329,793	\$ 32,809	\$ 141,359	\$ 362,602

Credit

(Dollars in Thousands)	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	2Q'15 YTD	2Q'16 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 123,615	\$ 126,533	\$ 125,805	\$ 125,990	\$ 131,392	\$ 248,644	\$ 257,382
Transaction and Other Fees, Net	2,060	1,289	1,565	1,342	1,424	3,517	2,766
Management Fee Offsets	(3,370)	(11,260)	(7,585)	(9,658)	(9,982)	(11,220)	(19,640)
Total Management Fees, Net	122,305	116,562	119,785	117,674	122,834	240,941	240,508
Performance Fees							
Realized Carried Interest	26,925	51,606	4,258	-	296	40,292	296
Realized Incentive Fees	29,684	28,123	33,158	21,697	23,515	48,115	45,212
Unrealized Carried Interest	44,218	(112,366)	(118,721)	(14,779)	87,295	32,267	72,516
Unrealized Incentive Fees	6,521	(26,419)	(9,193)	270	1,029	15,645	1,299
Total Performance Fees	107,348	(59,056)	(90,498)	7,188	112,135	136,319	119,323
Investment Income (Loss)							
Realized	2,723	1,735	491	(2,974)	11,330	4,960	8,356
Unrealized	2,760	(10,177)	(15,728)	(17,561)	8,412	9,647	(9,149)
Total Investment Income (Loss)	5,483	(8,442)	(15,237)	(20,535)	19,742	14,607	(793)
Interest Income and Dividend Revenue	5,938	6,053	6,957	6,748	7,428	11,589	14,176
Other	34	(73)	1,717	(1,364)	1,795	3,527	431
Total Revenues	241,108	55,044	22,724	109,711	263,934	406,983	373,645
Expenses							
Compensation	47,124	51,324	41,864	52,382	55,691	97,001	108,073
Performance Fee Compensation							
Realized Carried Interest	15,362	28,950	2,259	-	194	21,632	194
Realized Incentive Fees	12,455	13,659	15,598	10,127	10,626	20,856	20,753
Unrealized Carried Interest	21,497	(61,190)	(61,651)	(6,998)	41,257	15,841	34,259
Unrealized Incentive Fees	2,137	(12,846)	(4,421)	485	(333)	8,872	152
Total Compensation and Benefits	98,575	19,897	(6,351)	55,996	107,435	164,202	163,431
Other Operating Expenses	23,539	24,898	23,353	26,220	29,464	45,375	55,684
Total Expenses	122,114	44,795	17,002	82,216	136,899	209,577	219,115
Economic Income	\$ 118,994	\$ 10,249	\$ 5,722	\$ 27,495	\$ 127,035	\$ 197,406	\$ 154,530
Total Assets Under Management	\$ 81,288,709	\$ 80,841,348	\$ 79,081,252	\$ 78,656,291	\$ 84,749,076	\$ 81,288,709	\$ 84,749,076
Fee-Earning Assets Under Management	\$ 61,608,998	\$ 60,337,992	\$ 61,684,380	\$ 62,094,760	\$ 64,820,990	\$ 61,608,998	\$ 64,820,990
Weighted Average Fee-Earning AUM	\$ 61,256,993	\$ 60,243,777	\$ 60,598,308	\$ 61,584,275	\$ 63,656,504	\$ 60,286,393	\$ 62,622,116
LP Capital Invested	\$ 47,768	\$ 424,365	\$ 2,496,709	\$ 586,935	\$ 699,516	\$ 862,191	\$ 1,286,451
Total Capital Invested	\$ 60,337	\$ 432,212	\$ 2,601,675	\$ 568,731	\$ 822,172	\$ 1,050,112	\$ 1,390,903

Financial Advisory

(Dollars in Thousands)	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	2Q'15 YTD	2Q'16 YTD
Revenues							
Advisory Fees	\$ 72,155	\$ 143,606	\$ -	\$ -	\$ -	\$ 153,964	\$ -
Transaction and Other Fees, Net	-	146	-	-	-	16	-
Total Advisory and Transaction Fees	72,155	143,752	-	-	-	153,980	-
Investment Income (Loss)							
Realized	(159)	(479)	-	-	-	(389)	-
Unrealized	(523)	(998)	-	-	-	959	-
Total Investment Income (Loss)	(682)	(1,477)	-	-	-	570	-
Interest Income and Dividend Revenue	3,190	6,094	-	-	-	6,426	-
Other	(112)	(235)	-	-	-	(1,068)	-
Total Revenues	74,551	148,134	-	-	-	159,908	-
Expenses							
Compensation	48,797	64,169	-	-	-	116,748	-
Total Compensation and Benefits	48,797	64,169	-	-	-	116,748	-
Other Operating Expenses	18,446	22,658	-	-	-	39,668	-
Total Expenses	67,243	86,827	-	-	-	156,416	-
Economic Income	\$ 7,308	\$ 61,307	\$ -	\$ -	\$ -	\$ 3,492	\$ -

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 \$0.42 of Distributable Earnings per common unit during the quarter, up 27% from the prior quarter, bringing the year-to-date amount to \$0.75 per common unit.
- ▶ Declared a quarterly distribution of \$0.36 per common unit to record holders as of August 1, 2016; payable on August 8, 2016.

(Dollars in Thousands, Except per Unit Data)	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	% Change		% Change	
						vs. 2Q'15	2Q'15 YTD	2Q'16 YTD	vs. 2Q'15 YTD
Distributable Earnings ("DE")	\$ 1,033,920	\$ 691,534	\$ 878,027	\$ 387,967	\$ 503,459	(51)%	\$ 2,274,127	\$ 891,426	(61)%
Add: Other Payables Attributable to Common Unitholders	-	-	26,918	-	10,438	n/m	7,288	10,438	43%
DE before Certain Payables	1,033,920	691,534	904,945	387,967	513,897	(50)%	2,281,415	901,864	(60)%
Percent to Common Unitholders	54%	54%	54%	54%	54%		53%	54%	
DE before Certain Payables Attributable to Common Unitholders	554,120	370,902	487,075	210,286	279,357	(50)%	1,217,728	489,643	(60)%
Less: Other Payables Attributable to Common Unitholders	-	-	(26,918)	-	(10,438)	n/m	(7,288)	(10,438)	43%
DE Attributable to Common Unitholders	554,120	370,902	460,157	210,286	268,919	(51)%	1,210,440	479,205	(60)%
DE per Common Unit	\$ 0.88	\$ 0.58	\$ 0.72	\$ 0.33	\$ 0.42	(52)%	\$ 1.93	\$ 0.75	(61)%
Less: Retained Capital per Common Unit	\$ (0.14)	\$ (0.09)	\$ (0.11)	\$ (0.05)	\$ (0.06)	(57)%	\$ (0.30)	\$ (0.11)	(63)%
Actual Distribution per Common Unit	\$ 0.74	\$ 0.49	\$ 0.61	\$ 0.28	\$ 0.36	(51)%	\$ 1.63	\$ 0.64	(61)%
Record Date					Aug 1, 2016				
Payable Date					Aug 8, 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. For the periods presented, Net Cash Available for Distribution per Common Unit equals the Actual Distribution per Common Unit. Retained capital is withheld pro-rata from common and Blackstone Holdings Partnership unitholders. Common unitholders' share was \$38.7 million for 2Q'16 and \$70.9 million for YTD'16.

Total Assets Under Management

2Q'16 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'16	\$ 95,466	\$ 101,108	\$ 68,475	\$ 78,656	\$ 343,705
Inflows	7,358	4,443	2,025	7,334	21,161
Outflows	(587)	(147)	(2,997)	(1,503)	(5,233)
Realizations	(3,814)	(3,486)	(32)	(1,766)	(9,097)
Net Inflows (Outflows)	2,957	811	(1,004)	4,066	6,830
Market Activity	1,262	1,279	1,178	2,027	5,746
2Q'16	\$ 99,686	\$ 103,197	\$ 68,650	\$ 84,749	\$ 356,282
QoQ Increase	4%	2%	0%	8%	4%

2Q'16 LTM Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'15	\$ 92,026	\$ 91,579	\$ 67,830	\$ 81,289	\$ 332,724
Inflows	19,380	22,386	10,684	17,559	70,009
Outflows	(1,112)	(494)	(7,122)	(5,131)	(13,859)
Realizations	(12,077)	(13,981)	(611)	(7,424)	(34,093)
Net Inflows	6,191	7,911	2,951	5,005	22,058
Market Activity	1,468	3,707	(2,131)	(1,544)	1,501
2Q'16	\$ 99,686	\$ 103,197	\$ 68,650	\$ 84,749	\$ 356,282
YoY Increase	8%	13%	1%	4%	7%

2Q'16 Highlights

Private Equity

- ▶ **Inflows:** Strategic Partners (\$4.3 billion); Core Private Equity (\$2.5 billion); Tactical Opportunities (\$452 million).
- ▶ **Realizations:** BCP V (\$1.5 billion); BCP co-investment (\$1.3 billion); Strategic Partners (\$428 million); Tactical Opportunities (\$280 million).
- ▶ **Market Activity:** BCP VI (\$428 million); BCP co-investment (\$291 million); BCP V (\$180 million).

Real Estate

- ▶ **Inflows:** Fifth European opportunistic fund (\$1.4 billion); third mezzanine debt fund (\$1.2 billion); U.S. core+ funds (\$1.0 billion).
- ▶ **Realizations:** BREP VI (\$756 million); BREP V (\$718 million); BREP VII (\$457 million); BREP co-investment (\$364 million).
- ▶ **Market Activity:** Carrying value increases of 2.2% and 2.1% within the opportunistic and core+ funds, respectively.

Hedge Fund Solutions

- ▶ **Inflows:** Individual investor and specialized solutions (\$1.1 billion); commingled products (\$664 million); customized solutions (\$266 million).
- ▶ **Outflows:** Individual investor and specialized solutions (\$1.5 billion); commingled products (\$994 million); customized solutions (\$508 million).
- ▶ **Market Activity:** BAAM's Principal Solutions Composite up 1.4% gross (1.2% net) during the quarter.

Credit

- ▶ **Inflows:** Mezzanine strategies (\$3.5 billion); hedge fund strategies (\$1.3 billion); two CLO launches (\$1.2 billion); BDCs (\$728 million); Long Only (\$560 million).
- ▶ **Outflows:** BDCs (\$676 million); hedge fund strategies (\$440 million); Long Only (\$423 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

2Q'16 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'16	\$ 50,228	\$ 67,298	\$ 64,831	\$ 62,095	\$ 244,453
Inflows	23,687	884	2,030	3,993	30,594
Outflows	(2,297)	(107)	(2,972)	(1,056)	(6,432)
Realizations	(2,120)	(1,386)	(31)	(1,582)	(5,119)
Net Inflows (Outflows)	19,270	(608)	(973)	1,354	19,043
Market Activity	(31)	54	1,116	1,372	2,511
2Q'16	\$ 69,467	\$ 66,745	\$ 64,974	\$ 64,821	\$ 266,007
QoQ Increase (Decrease)	38%	(1)%	0%	4%	9%

2Q'16 LTM Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'15	\$ 49,537	\$ 62,684	\$ 65,512	\$ 61,609	\$ 239,342
Inflows	28,816	10,765	9,077	15,017	63,675
Outflows	(2,972)	(181)	(6,998)	(4,276)	(14,427)
Realizations	(5,751)	(7,165)	(580)	(6,395)	(19,892)
Net Inflows	20,094	3,418	1,499	4,345	29,357
Market Activity	(164)	642	(2,038)	(1,133)	(2,692)
2Q'16	\$ 69,467	\$ 66,745	\$ 64,974	\$ 64,821	\$ 266,007
YoY Increase (Decrease)	40%	6%	(1)%	5%	11%

2Q'16 Highlights

Private Equity

- ▶ **Inflows:** Commencement of investment periods for BCP VII (\$17.5 billion) and SP VII (\$5.3 billion).
- ▶ **Outflows:** Investment periods ended for BCP VI (\$1.8 billion) and SP VI (\$453 million).
- ▶ **Realizations:** BCP V (\$1.6 billion); Strategic Partners (\$290 million).

Real Estate

- ▶ **Inflows:** BREDS (\$614 million); BPP (\$168 million).
- ▶ **Realizations:** BREP Global opportunistic (\$659 million); BREDS (\$480 million); BREP co-investment (\$211 million).

Hedge Fund Solutions

- ▶ **Inflows:** Individual investor and specialized solutions (\$1.1 billion); commingled products (\$664 million); customized solutions (\$266 million).
- ▶ **Outflows:** Individual investor and specialized solutions (\$1.5 billion); commingled products (\$994 million); customized solutions (\$508 million).

Credit

- ▶ **Inflows:** Two new CLO launches (\$1.3 billion); hedge fund strategies (\$817 million); BDCs (\$728 million); Long Only (\$572 million); mezzanine strategies (\$405 million).
- ▶ **Realizations:** Capital returned to investors for CLOs outside investment periods (\$681 million); mezzanine strategies (\$332 million); dividends from BDCs (\$232 million); rescue lending funds (\$209 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			
	1Q'16	2Q'16	2Q'16 Per Unit	QoQ Change
(Dollars in Millions, Except per Unit Data)				
Private Equity				
BCP IV Carried Interest	\$ 155	\$ 143	\$ 0.12	\$ (12)
BCP V Carried Interest	358	373	0.31	15
BCP VI Carried Interest	340	385	0.32	45
BEP Carried Interest	46	61	0.05	15
Tactical Opportunities Carried Interest	56	59	0.05	3
BTAS Carried Interest	5	7	0.01	2
Strategic Partners Carried Interest	38	35	0.03	(3)
Other Carried Interest	2	1	-	(1)
Total Private Equity	\$ 1,000	\$ 1,064	\$ 0.90	\$ 64
Real Estate				
BREP IV Carried Interest	11	9	0.01	(2)
BREP V Carried Interest	417	390	0.33	(27)
BREP VI Carried Interest	636	612	0.52	(24)
BREP VII Carried Interest	570	584	0.49	14
BREP VIII Carried Interest	34	84	0.07	50
BREP Europe III Carried Interest	181	156	0.13	(25)
BREP Europe IV Carried Interest	126	124	0.10	(2)
BREP Asia Carried Interest	68	82	0.07	14
BPP Carried Interest	41	44	0.04	3
BPP Incentive Fees	18	21	0.02	3
BREDS Carried Interest	16	14	0.01	(2)
BREDS Incentive Fees	2	3	-	1
Asia Platform Incentive Fees	7	7	0.01	-
Total Real Estate	\$ 2,127	\$ 2,130	\$ 1.79	\$ 3
Hedge Fund Solutions				
Incentive Fees	5	6	0.01	1
Total Hedge Fund Solutions	\$ 5	\$ 6	\$ 0.01	\$ 1
Credit				
Carried Interest	66	102	0.09	36
Incentive Fees	14	19	0.02	5
Total Credit	\$ 80	\$ 121	\$ 0.10	\$ 41
Total Blackstone				
Carried Interest	3,166	3,265	2.75	99
Incentive Fees	46	56	0.05	10
Net Accrued Performance Fees	\$ 3,212	\$ 3,321	\$ 2.80	\$ 109
<i>Memo: Net Realized Performance Fees</i>	<i>\$ 28</i>	<i>\$ 121</i>	<i>\$ 0.10</i>	<i>\$ 93</i>

\$3.3 billion

Net Accrued Performance Fees at 2Q'16

\$2.80 per unit

Net Accrued Performance Fees at 2Q'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 June 30, 2016^(a)

	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
(Dollars in Thousands, Except Where Noted)											
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	29,441	2.3x	-	2,949,591	1.4x	2,979,032	1.4x	6%	7%
BCP IV (Nov 2002 / Dec 2005)	6,773,182	219,136	2,037,337	1.3x	26%	19,083,221	3.2x	21,120,558	2.8x	43%	36%
BCP V (Dec 2005 / Jan 2011)	21,022,207	1,258,436	8,364,663	1.7x	79%	29,442,294	1.9x	37,806,957	1.9x	9%	8%
BCP VI (Jan 2011 / May 2016)	15,182,644	2,428,440	15,511,224	1.3x	24%	2,130,587	1.9x	17,641,811	1.4x	51%	10%
BEP (Aug 2011 / Feb 2015)	2,439,157	141,245	2,839,768	1.3x	27%	539,585	2.0x	3,379,353	1.4x	57%	14%
BEP II (Feb 2015 / Feb 2021)	4,951,351	4,724,507	149,061	1.0x	-	-	n/a	149,061	1.0x	n/a	n/m
BCP VII (May 2016 / May 2022)	18,898,630	18,898,630	-	n/a	-	-	n/a	-	n/a	n/a	n/a
Total Corporate Private Equity	\$ 77,592,104	\$ 27,694,969	\$ 28,931,494	1.4x	40%	\$ 68,328,523	2.2x	\$ 97,260,017	1.9x	18%	15%
Tactical Opportunities	12,657,994	6,175,613	7,227,525	1.1x	6%	1,517,170	1.5x	8,744,695	1.2x	32%	10%
Tactical Opportunities Co-Investment & Other	1,993,004	653,673	1,421,235	1.1x	-	160,812	1.5x	1,582,047	1.1x	n/a	13%
Strategic Partners I-V and Co-Investment (e)	12,143,266	2,185,576	3,762,419	n/m	-	13,357,859	n/m	17,120,278	1.5x	n/a	14%
Strategic Partners VI LBO, RE and SMA (e)	7,053,071	2,058,306	3,832,118	n/m	-	601,171	n/m	4,433,289	1.4x	n/a	38%
Strategic Partners VII (e)	5,399,381	5,285,561	107,988	n/m	-	-	n/a	107,988	n/m	n/a	n/a
BCEP (f)	3,167,500	3,167,500	-	n/a	-	-	n/a	-	n/a	n/a	n/a
Other Funds and Co-Investment (g)	1,509,893	480,230	196,297	0.8x	89%	426,683	1.0x	622,980	0.9x	n/a	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	-	2,531,613	2.1x	2,531,613	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	-	519,626	0.6x	16%	4,030,933	2.2x	4,550,559	1.7x	36%	13%
BREP V (Dec 2005 / Feb 2007)	5,539,418	-	3,263,836	2.2x	32%	9,608,522	2.3x	12,872,358	2.2x	12%	11%
BREP VI (Feb 2007 / Aug 2011)	11,060,444	554,490	6,973,627	2.1x	69%	18,657,251	2.4x	25,630,878	2.3x	15%	13%
BREP VII (Aug 2011 / Apr 2015)	13,492,593	2,419,900	15,764,383	1.6x	1%	8,919,047	1.9x	24,683,430	1.7x	31%	20%
BREP VIII (Apr 2015 / Oct 2020)	16,147,977	10,037,533	7,100,494	1.2x	-	16,270	1.1x	7,116,764	1.2x	12%	19%
Total Global BREP	\$ 51,681,595	\$ 13,011,923	\$ 33,621,966	1.5x	18%	\$ 48,766,940	2.2x	\$ 82,388,906	1.9x	21%	16%
Euro											
BREP Int'l (Jan 2001 / Sep 2005)	€ 824,172	€ -	€ -	n/a	-	€ 1,367,146	2.1x	€ 1,367,146	2.1x	23%	23%
BREP Int'l II (Sep 2005 / Jun 2008)	1,629,748	-	532,403	1.2x	65%	1,716,134	1.8x	2,248,537	1.6x	8%	5%
BREP Europe III (Jun 2008 / Sep 2013)	3,205,140	469,301	2,999,189	1.8x	-	2,715,178	2.1x	5,714,367	1.9x	23%	17%
BREP Europe IV (Sep 2013 / Mar 2019)	6,699,620	2,115,651	6,411,668	1.3x	-	641,477	1.4x	7,053,145	1.3x	26%	13%
BREP Europe V (TBD)	5,878,298	5,939,667	-	n/a	-	-	n/a	-	n/a	n/a	n/a
Total Euro BREP	€ 18,236,978	€ 8,524,619	€ 9,943,260	1.4x	4%	€ 6,439,935	1.9x	€ 16,383,195	1.6x	16%	12%
BREP Co-Investment (h)	\$ 6,819,065	\$ 146,573	\$ 4,950,386	1.6x	42%	\$ 7,770,729	2.1x	\$ 12,721,115	1.9x	18%	15%
BREP Asia (Jun 2013 / Dec 2017)	5,079,554	2,717,330	3,229,118	1.4x	-	420,637	1.7x	3,649,755	1.4x	25%	15%
Total BREP	\$ 86,132,424	\$ 25,308,317	\$ 54,283,736	1.5x	16%	\$ 65,516,128	2.2x	\$ 119,799,864	1.8x	20%	16%
BPP (i)	\$ 11,946,027	\$ 3,584,314	\$ 9,938,325	1.2x	-	\$ -	n/a	\$ 9,938,325	1.2x	n/a	15%
BREDS (j)	\$ 11,003,179	\$ 6,512,182	\$ 2,466,397	1.2x	-	\$ 5,966,987	1.3x	\$ 8,433,384	1.3x	13%	11%

Continued...

Investment Records as of June 30, 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	\$ 2,755,702	\$ 549,925	1.0x	-	\$ 75,529	n/a	\$ 625,454	1.2x	n/a	4%	
BSCH Co-Investment	75,500	31,237	44,495	1.0x	-	1,427	n/a	45,922	1.0x	n/a	2%	
Total Hedge Fund Solutions	\$ 3,376,100	\$ 2,786,939	\$ 594,420	1.0x	-	\$ 76,956	n/a	\$ 671,376	1.2x	n/a	4%	
Credit (l)												
Mezzanine I (Jul 2007 / Oct 2011)	\$ 2,000,000	\$ 99,280	\$ 454,287	1.7x	-	\$ 4,407,209	1.6x	\$ 4,861,496	1.6x	n/a	17%	
Mezzanine II (Nov 2011 / Nov 2016)	4,120,000	1,631,725	3,007,903	1.1x	-	2,150,794	1.5x	5,158,697	1.2x	n/a	13%	
Rescue Lending I (Sep 2009 / May 2013)	3,253,143	474,202	1,269,119	1.1x	-	4,470,939	1.5x	5,740,058	1.4x	n/a	11%	
Rescue Lending II (Jun 2013 / Jun 2018)	5,125,000	2,490,529	2,989,347	1.1x	-	120,256	1.1x	3,109,603	1.1x	n/a	11%	
Energy Select Opportunities (Nov 2015 / Nov 2018)	2,856,866	2,542,430	380,132	1.2x	-	98,205	1.4x	478,337	1.2x	n/a	n/m	
Euro												
European Senior Debt Fund (Feb 2015 / Feb 2018)	€ 1,964,689	€ 3,401,176	€ 523,751	1.0x	-	€ 142,288	1.2x	€ 666,039	1.0x	n/a	n/m	
Total Credit	\$ 19,621,419	\$ 11,016,873	\$ 8,682,663	1.1x	-	\$ 11,404,871	1.5x	\$ 20,087,534	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 June 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)	2Q'15	3Q'15	4Q'15	1Q'16 ^(m)	2Q'16	2Q'15 YTD	2Q'16 YTD
Net Income (Loss) Attributable to The Blackstone Group L.P.	\$ 134,168	\$ (254,697)	\$ 200,870	\$ 159,753	\$ 198,626	\$ 763,616	\$ 358,379
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	134,870	(247,318)	150,734	131,202	201,805	780,100	333,007
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	66,716	30,671	40,717	40,086	64,729	148,512	104,815
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	13,780	(12,520)	2,358	(6,401)	(2,049)	21,307	(8,450)
Net Income (Loss)	\$ 349,534	\$ (483,864)	\$ 394,679	\$ 324,640	\$ 463,111	\$ 1,713,535	\$ 787,751
Provision for Taxes	43,251	1,573	46,230	9,146	47,415	142,595	56,561
Income (Loss) Before Provision for Taxes	\$ 392,785	\$ (482,291)	\$ 440,909	\$ 333,786	\$ 510,526	\$ 1,856,130	\$ 844,312
Transaction-Related Charges ^(a)	192,018	80,962	(15,279)	64,136	69,956	423,880	134,092
Amortization of Intangibles ^(b)	24,720	30,624	23,287	23,208	23,208	50,619	46,416
(Income) Associated with Non-Controlling Interests of Consolidated Entities ^(c)	(80,496)	(18,151)	(43,075)	(33,685)	(62,680)	(169,819)	(96,365)
Economic Income (Loss)	\$ 529,027	\$ (388,856)	\$ 405,842	\$ 387,445	\$ 541,010	\$ 2,160,810	\$ 928,455
Taxes ^(d)	(20,587)	(27,070)	29,849	(16,794)	(21,234)	(30,306)	(38,028)
Economic Net Income (Loss)	\$ 508,440	\$ (415,926)	\$ 435,691	\$ 370,651	\$ 519,776	\$ 2,130,504	\$ 890,427
Taxes ^(d)	20,587	27,070	(29,849)	16,794	21,234	30,306	38,028
Performance Fee Adjustment ^(e)	(569,664)	639,349	(194,026)	(314,065)	(449,372)	(2,243,400)	(763,437)
Investment (Income) Loss Adjustment ^(f)	(10,774)	136,131	11,435	26,650	(59,771)	(200,415)	(33,121)
Net Interest Loss ^(g)	14,411	9,522	11,846	13,351	13,546	22,813	26,897
Performance Fee Compensation and Benefits Adjustment ^(h)	215,441	(130,479)	75,782	106,075	180,723	619,257	286,798
Fee Related Earnings	\$ 178,441	\$ 265,667	\$ 310,879	\$ 219,456	\$ 226,136	\$ 359,065	\$ 445,592
Net Realized Performance Fees ⁽ⁱ⁾	725,433	357,114	505,540	186,733	250,265	1,658,222	436,998
Realized Investment Income (Loss) ^(j)	136,497	87,526	86,993	(10,101)	53,670	244,289	43,569
Net Interest (Loss) ^(g)	(14,411)	(9,522)	(11,846)	(13,351)	(13,546)	(22,813)	(26,897)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(k)	(20,587)	(27,070)	(25,819)	(16,794)	(31,588)	(37,581)	(48,382)
Equity-Based Compensation ^(l)	28,547	17,819	12,280	22,024	18,522	72,945	40,546
Distributable Earnings	\$ 1,033,920	\$ 691,534	\$ 878,027	\$ 387,967	\$ 503,459	\$ 2,274,127	\$ 891,426
Interest Expense	45,437	44,981	46,511	48,432	48,779	84,290	97,211
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(k)	20,587	27,070	25,819	16,794	31,588	37,581	48,382
Depreciation and Amortization	6,715	6,719	6,852	6,292	6,331	13,642	12,623
Adjusted EBITDA	\$ 1,106,659	\$ 770,304	\$ 957,209	\$ 459,485	\$ 590,157	\$ 2,409,640	\$ 1,049,642

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)	1Q'15	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	2Q'15 YTD	2Q'16 YTD
Fee Revenues								
GAAP								
Management and Advisory Fees, Net	\$ 616,768	\$ 574,132	\$ 703,596	\$ 648,009	\$ 608,906	\$ 607,823	\$ 1,190,900	\$ 1,216,729
Other	(5,641)	3,976	(813)	10,260	(5,612)	7,935	(1,665)	2,323
GAAP	\$ 611,127	\$ 578,108	\$ 702,783	\$ 658,269	\$ 603,294	\$ 615,758	\$ 1,189,235	\$ 1,219,052
Elimination Adjustment ^(a)	3,764	12,649	5,043	1,662	3,659	5,008	16,413	8,667
Segment								
Management and Advisory Fees, Net	619,763	586,784	708,667	649,691	613,201	612,220	1,206,547	1,225,421
Other	(4,872)	3,973	(841)	10,240	(6,248)	8,546	(899)	2,298
Total Segment	\$ 614,891	\$ 590,757	\$ 707,826	\$ 659,931	\$ 606,953	\$ 620,766	\$ 1,205,648	\$ 1,227,719
Performance Fees								
GAAP	1,673,108	568,305	(638,108)	193,361	314,493	449,243	2,241,413	763,736
Elimination Adjustment ^(a)	628	1,359	(1,241)	665	(428)	129	1,987	(299)
Total Segment	\$ 1,673,736	\$ 569,664	\$ (639,349)	\$ 194,026	\$ 314,065	\$ 449,372	\$ 2,243,400	\$ 763,437
Investment Income (Loss)								
GAAP	206,203	56,824	(79,346)	20,961	(8,508)	105,139	263,027	96,631
Consolidation and Elimination Adjustment ^(b)	(16,562)	(46,050)	(56,785)	(32,396)	(18,142)	(45,368)	(62,612)	(63,510)
Total Segment	\$ 189,641	\$ 10,774	\$ (136,131)	\$ (11,435)	\$ (26,650)	\$ 59,771	\$ 200,415	\$ 33,121
Interest and Dividend Revenue								
GAAP	21,920	21,965	26,244	24,828	23,075	22,286	43,885	45,361
Elimination Adjustment ^(c)	8,531	9,061	9,215	9,837	12,006	12,947	17,592	24,953
Total Segment	\$ 30,451	\$ 31,026	\$ 35,459	\$ 34,665	\$ 35,081	\$ 35,233	\$ 61,477	\$ 70,314
Total Revenues								
GAAP	2,512,358	1,225,202	11,573	897,419	932,354	1,192,426	3,737,560	2,124,780
Consolidation and Elimination Adjustment ^(d)	(3,639)	(22,981)	(43,768)	(20,232)	(2,905)	(27,284)	(26,620)	(30,189)
Total Segment	\$ 2,508,719	\$ 1,202,221	\$ (32,195)	\$ 877,187	\$ 929,449	\$ 1,165,142	\$ 3,710,940	\$ 2,094,591
Compensation								
GAAP	559,559	473,019	393,655	299,958	346,003	355,424	1,032,578	701,427
Consolidation Adjustment ^(e)	(229,721)	(183,667)	(64,080)	(59,504)	(58,600)	(69,269)	(413,388)	(127,869)
Total Segment	\$ 329,838	\$ 289,352	\$ 329,575	\$ 240,454	\$ 287,403	\$ 286,155	\$ 619,190	\$ 573,558

Continued...

Reconciliation of GAAP to Total Segment Measures – Continued

(Dollars in Thousands)	1Q'15	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	2Q'15 YTD	2Q'16 YTD
Other Operating Expenses								
GAAP								
General, Administrative and Other	130,973	146,859	158,664	139,607	123,045	130,988	277,832	254,033
Interest Expense	31,370	37,414	36,860	38,878	37,356	36,878	68,784	74,234
GAAP	\$ 162,343	\$ 184,273	\$ 195,524	\$ 178,485	\$ 160,401	\$ 167,866	\$ 346,616	\$ 328,267
Consolidation and Elimination Adjustment ^(f)	(19,061)	(15,872)	(37,959)	(23,376)	(11,875)	(10,612)	(34,933)	(22,487)
Total Segment	\$ 143,282	\$ 168,401	\$ 157,565	\$ 155,109	\$ 148,526	\$ 157,254	\$ 311,683	\$ 305,780
Total Expenses								
GAAP	1,142,568	914,432	476,997	556,878	617,710	712,603	2,057,000	1,330,313
Less: GAAP Fund Expenses ^(e)	(16,850)	(41,699)	(18,296)	(2,654)	(5,229)	(8,592)	(58,549)	(13,821)
Consolidation and Elimination Adjustment ^(d)	(248,782)	(199,539)	(102,040)	(82,879)	(70,477)	(79,879)	(448,321)	(150,356)
Total Segment	\$ 876,936	\$ 673,194	\$ 356,661	\$ 471,345	\$ 542,004	\$ 624,132	\$ 1,550,130	\$ 1,166,136
GAAP Income (Loss) Before Provision for Taxes to Total Segment Economic Income (Loss)								
GAAP								
Revenues Less Expenses	1,369,790	310,770	(465,424)	340,541	314,644	479,823	1,680,560	794,467
Other Income (Losses) ^(h)	93,555	82,015	(16,867)	100,368	19,142	30,703	175,570	49,845
Income (Loss) Before Provision for Taxes	1,463,345	392,785	(482,291)	440,909	333,786	510,526	1,856,130	844,312
Consolidation and Elimination Adjustment ⁽ⁱ⁾	168,438	136,242	93,435	(35,067)	53,659	30,484	304,680	84,143
Total Segment	\$ 1,631,783	\$ 529,027	\$ (388,856)	\$ 405,842	\$ 387,445	\$ 541,010	\$ 2,160,810	\$ 928,455

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)

	2Q'16		2Q'16 YTD			
	Results	Per Unit	Results	Per Unit		
▶ Base Management Fees	\$ 593,996		\$ 1,180,699		Fee Earnings	Distributable Earnings
▶ Advisory Fees	1,277		1,758			
▶ Transaction and Other Fees, Net	32,343		78,461			
▶ Management Fee Offsets	(15,396)		(35,497)			
▶ Other Revenue	8,546		2,298			
▶ Compensation	(286,155)		(573,558)			
▶ Non-Interest Operating Expenses	(108,475)		(208,569)			
Fee Related Earnings	\$ 226,136	\$ 0.19	\$ 445,592	\$ 0.37		
▶ Net Realized Incentive Fees	14,112		28,439		Distributable Earnings	Economic Net Income
▶ Net Realized Carried Interest	236,153		408,559			
▶ Realized Investment Income	53,670		43,569			
▶ Net Interest (Loss)	(13,546)		(26,897)			
▶ Taxes and Related Payables	(31,588)		(48,382)			
▶ Equity-Based Compensation	18,522		40,546			
Distributable Earnings	\$ 503,459	\$ 0.42	\$ 891,426	\$ 0.75		
▶ Net Unrealized Incentive Fees	5,318		8,970			
▶ Net Unrealized Carried Interest	13,066		30,671			
▶ Unrealized Investment (Loss)	6,101		(10,448)			
▶ Add Back: Related Payables	10,354		10,354			
▶ Less: Equity-Based Compensation	(18,522)		(40,546)			
Economic Net Income	\$ 519,776	\$ 0.44	\$ 890,427	\$ 0.75		

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. 2Q'16 Fee Related Earnings per Unit is based on end of period DE Units Outstanding; 2Q'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 2Q'16 ENI per Unit is based on Weighted-Average ENI Adjusted Units. 2Q'16 YTD per Unit represents the sum of the last two quarters. See page 31, Unit Rollforward.

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

(Dollars in Thousands)	2Q'16	YTD'16
Other Operating Expenses	\$ 157,254	\$ 305,780
Less: Interest Expense	(48,779)	(97,211)
Non-Interest Operating Expenses	\$ 108,475	\$ 208,569
Realized Incentive Fees	29,363	57,813
Less: Realized Incentive Fee Compensation	(15,251)	(29,374)
Net Realized Incentive Fees	\$ 14,112	\$ 28,439
Realized Carried Interest	323,734	554,643
Less: Realized Carried Interest Compensation	(87,581)	(146,084)
Net Realized Carried Interest	\$ 236,153	\$ 408,559
Interest Income and Dividend Revenue	35,233	70,314
Less: Interest Expense	(48,779)	(97,211)
Net Interest (Loss)	\$ (13,546)	\$ (26,897)
Equity-Based Compensation^(a)	\$ 18,522	\$ 40,546
Taxes and Related Payables^(b)	\$ (31,588)	\$ (48,382)
Unrealized Incentive Fees	8,007	15,107
Less: Unrealized Incentive Fee Compensation	(2,689)	(6,137)
Net Unrealized Incentive Fees	\$ 5,318	\$ 8,970
Unrealized Carried Interest	88,268	135,874
Less: Unrealized Carried Interest Compensation	(75,202)	(105,203)
Net Unrealized Carried Interest	\$ 13,066	\$ 30,671
Related Payables^(c)	\$ 10,354	\$ 10,354

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

	2Q'15	3Q'15	4Q'15	1Q'16 ^(a)	2Q'16
Total GAAP Weighted-Average Common Units Outstanding - Basic	631,881,205	638,832,799	641,134,086	644,897,849	646,933,698
<i>Adjustments:</i>					
Weighted-Average Unvested Deferred Restricted Common Units	2,311,444	-	1,794,046	1,332,772	1,309,402
Weighted-Average Blackstone Holdings Partnership Units	-	-	547,495,655	-	546,235,112
Total GAAP Weighted-Average Units Outstanding - Diluted	634,192,649	638,832,799	1,190,423,787	646,230,621	1,194,478,212
<i>Adjustments:</i>					
Weighted-Average Unvested Deferred Restricted Common Units	-	1,913,028	-	-	-
Weighted-Average Blackstone Holdings Partnership Units	555,641,388	550,983,910	-	548,042,780	-
Weighted-Average Economic Net Income Adjusted Units	1,189,834,037	1,191,729,737	1,190,423,787	1,194,273,401	1,194,478,212
Economic Net Income Adjusted Units, End of Period	1,190,864,027	1,191,328,573	1,190,361,741	1,194,083,538	1,194,567,513
Total Common Units Outstanding	630,414,455	635,440,608	637,410,828	643,789,108	645,810,990
<i>Adjustments:</i>					
Blackstone Holdings Partnership Units	545,861,003	549,317,005	546,844,892	543,969,293	542,206,078
Distributable Earnings Units Outstanding	1,176,275,458	1,184,757,613	1,184,255,720	1,187,758,401	1,188,017,068

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 carry plan costs and (b) income earned from Blackstone’s investments in the Blackstone Funds. 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.